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# THE INDEPENDENT

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WEATHER: Hazy sunshine

40p (IR 45P)



## 'We cut their throats – bullets are too precious'

Robert Fisk's exclusive interview with Algeria's Islamist guerrilla

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## Suzanne Moore sings out for abortion

Comment

page 23



Members of the Household Cavalry Mounted Regiment rehearse near Wormwood Scrubs jail for a special display to celebrate the 25th anniversary of the Olympia International Show Jumping Championships in London later this month. Photograph: John Voos

# Civil war in Downing Street

Anthony Bevins  
Political Editor

Civil war has broken out in Downing Street, with the Prime Minister and Kenneth Clarke briefing against each other in a lethal political battle that could yet kill all Tory chances of winning the next election.

Tony Blair said in Scotland last night: "This Government is now descending into disorganised shambles. Things simply cannot go on like this."

The deep and irreconcilable rift between Number 10 and Number 11, the Chancellor's next door, was fully exposed when Mr Clarke was forced to

issue two denials of separate statements made in a BBC radio report on the background to the Prime Minister's statement on the single currency.

The denials had to be issued because the Labour frontbencher Frank Dobson revealed that the Chancellor had hunched with the BBC correspondent at a Mayfair restaurant on Wednesday.

But the same broadcast then – just as sensationally – fingered John Major as the source of Monday's controversial *Daily Telegraph* report, which said the Prime Minister would fight the next election on a policy of saving sterling from the single currency for the lifetime of the next Parliament.

That report flew in the face of a painstaking agreement reached by Mr Major and Mr Clarke last April – forcing Mr Major to repudiate the story in the Commons on Tuesday.

But George Jones, the *Telegraph's* political editor, told BBC's *World at One*: "I did have passed on to me comments which are understood to have come directly from the Prime Minister."

While the Tory leadership scrapped with a fury that minded many of the geological fault that brought Margaret Thatcher down – following her

Euro-rows with her Chancellor Nigel Lawson and the Deputy Prime Minister Geoffrey Howe – last night's weekly meeting of the backbench 1922 Committee erupted into one of the most dramatic and passionate debates one senior Tory could remember in more than 20 years.

In a debate that centred on the single currency, the biggest roar went to the Euro-sceptic Sir Peter Tapsell – who said that whatever anyone else said, sterling should "never" go into a single currency.

But two former ministers from left and right of the party encapsulated the Tory agony, with Tim Yeo and David Heath-

coat-Amory arguing that the economic conditions were not right for membership of the first wave of the single currency.

According to the BBC's John Sopel, one of Mr Clarke's hosts on Wednesday: "The real irony is that Mr Clarke privately admits there is no chance that if the Tories won the next election, the party would agree to entering the single currency."

Nevertheless, Mr Sopel added: "He is making it clear that the policy is not negotiable, and that if it did change, not only would he go, but he predicts that a large number of middle-ranking and junior ministers would go with him."

The idea that Mr Clarke and ministers would quit was sensational enough, but the Chancellor's apparent view that the Conservative Party would split wide open was staggering.

Within the hour, however, Mr Clarke was forced to issue a statement saying: "I don't regard the BBC account of this week's events as accurate. I didn't threaten to resign and I am not threatening to resign."

Mr Sopel also said a number of other things that were naturally pinned on the Chancellor, including a view of the *Telegraph* report: "Ken Clarke doesn't doubt that the source of the story was someone close to the

Prime Minister. But he has told friends, 'It was a boomerang laden with high explosives which has blown up in the Prime Minister's face.'"

In the Commons, Mr Major was directly challenged about the BBC report when the Labour MP Thomas McAvoy, "Do you agree with your Chancellor [that] a boomerang, wrapped in high explosive has blown up in your face?"

Holding a piece of paper, Mr Major said he had Mr Clarke's statement denying the report. But that was not the only denial floating around Whitehall. The BBC report had also made an allegation about briefing

and counter-briefing during the Tory conference.

Mr Sopel said: "Behind the scenes, Mr Clarke was furious that senior Conservative Central Office sources were briefing against him. They were telling the newspapers that the wait-and-see policy would be gone by the New Year, after the forthcoming Dublin summit."

Last night, Conservative Central Office issued a statement from Mr Clarke and Dr Mawhinney, repudiating any suggestion of conflict. Few believed it – any more than that the Downing Street war will end in anything but tears.

Revenge of loyalists, page 2

## The superbug that munches medicine

Glenda Cooper

A "superbug" which feeds off the antibiotic used to kill it has been found in two patients at a London hospital, the medical journal *The Lancet* reports tomorrow.

In a matter of days, the bacterium *enterococcus faecium*, a common species found in the gut, managed not only to develop resistance to the antibiotic vancomycin but also mutated so that a strain became dependent on the drug for its survival.

Doctors at St George's Hospital in London admitted a 60-year-old man with a ruptured oesophagus in February 1996. After an operation he developed an infection. One of the causes of his infection was found to be *E.*

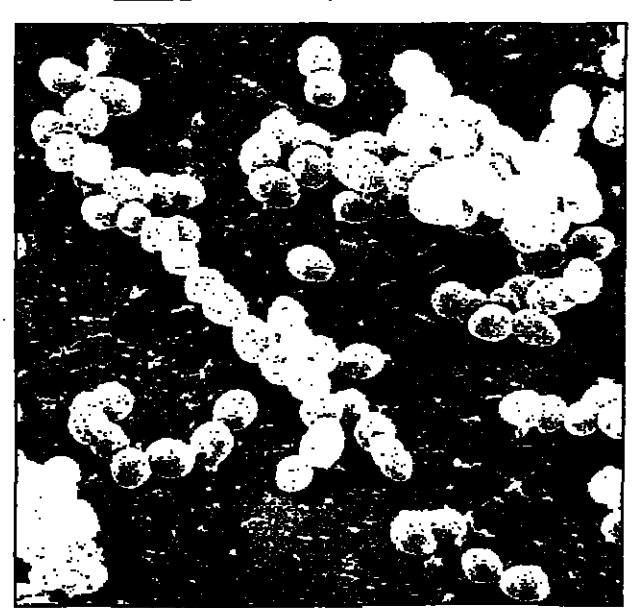
*faecium* and he was treated with antibiotics, but became feverish again after another operation. *E. faecium* which had been susceptible to the antibiotic vancomycin was now resistant to it and a strain of the bug was found to actually require vancomycin for its growth. The patient was treated with alternative antibiotics and made a full recovery.

In the same month, a 64-year-old retired nurse was admitted to the same hospital for a routine operation. He developed an infection afterwards, and vancomycin-resistant and vancomycin-dependent strains of *E. faecium* were isolated. He too eventually recovered.

Resistance to antibiotics is becoming increasingly common, as the World Health Organisation warned earlier this year. Scientists have called for stricter controls over administering antibiotics as the lifespan of drugs shortens all the time.

But it is extremely rare for bacteria to be able to go through such a huge evolutionary change in such a short space of time.

"It is absolutely fascinating the way it takes such evolutionary steps. It would take man 10 million years to achieve such a change," said Dr Ian Eltringham, a clinical microbiologist at London's Tooting Public Health Laboratory. "The kill became the cure for the bug. The ultimate step in the evolution of resistance is when an organism only grows in the presence of an antibiotic... Have we at last witnessed the emergence of a true superbug?" But he stressed that there was no major public health concern.



Enterococcus faecium: one strain became dependent on an antibiotic for its survival. Photograph: Science Photo Library

Vancomycin can only be administered through the veins and is only used in intensive care and specialist units. "As soon as the vancomycin is stopped the bug disappears," said Dr Eltringham. "Doctors need to increase surveillance of the situation and there should be a raised level of awareness but if I see another case in my career I would be honoured."

## Major staggers in pensions row

Colin Brown  
Chief Political Correspondent

Tory MPs were in open revolt last night over a £50m cut in war pensions and the Government was facing an ignominious retreat over the plan, under which benefits would be withdrawn from future claimants suffering from hearing loss.

The Prime Minister resisted the demands for a retreat but after one of his most acrimonious clashes with Tony Blair in the Commons, Tory MPs accused John Major of "inept" handling of the issue and warned they would not

defend it in their constituencies.

They said it was one of the worst performance that they had seen from the Prime Minister, adding to the impression of a government which has lost its grip on events.

Mr Major, clearly angered by Mr Blair's attack, snapped at him that "despite his piety" he had "misconstrued" what had happened.

The Conservative MPs were incandescent with anger at leaked Whitehall papers showing that benefit officials will be stopped from automatically directing claimants

to the Royal British Legion.

"I will not go back to my constituency and say that I have just had a soaking great pay increase but we are going to kick the war pensioners in the teeth," said one former minister. "Major must have taken leave of his senses."

Another Tory backbencher said: "It is under-hand, mean-spirited and a total disgrace. They will have to back down."

Labour last night insisted that the total savings would be £35m on cuts in payments for loss of hearing and £15m on administration. The savings arose over a reversal in medical advice that hearing was

impaired by noise from explosions or gunfire, disqualifying future war pensioners from extra benefit for loss of hearing.

Clearly seeing the storm brewing, Peter Lilley, the Social Security Secretary, in a leaked letter to William Waldegrave, the Chief Secretary to the Treasury, said: "All my ministers were against this move and it is not something we would choose to do but in the end it is not a matter over which there is any choice."

The papers, which *The Independent* has obtained, show

that Mr Lilley asked for four further measures to buy off the pensioners' lobby.

The measures were: to make payment for funeral expenses for war-disabled pensioners, costing £60,000 a year; improving clothing allowances for war-disabled pensioners costing £350,000 a year; ending the distinction between ranks in payment of gratuities for service-related disablement at an undisclosed cost; and a goodwill payment to be made to the Chasleley home for severely disabled war pensioners towards an £2.32m appeal.

### QUICKLY

#### England humiliated

England's cricketers lost by seven wickets to Mashonaland, a team containing six part-timers, in the opening first-class match of their tour of Zimbabwe. Mike Atherton, the England captain, went for an X-ray amid fears that a screw from an earlier operation on his back may have come loose. Page 32

#### Sectarian attacks

A family of four escaped a petrol-bomb attack, the latest in a series centred on Co Antrim which police believe are the work of loyalists protesting because Protestant marches have been prohibited from parading through the Catholic town of Dunloy. Page 2

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# Revenge of the Loyalists: Prevented from marching they turn to torching

David McKittrick  
Ireland Correspondent

A family of four narrowly escaped with their lives in a petrol-bomb attack early yesterday in the latest of a wave of sectarian arson attacks and intimidation centred on County Antrim.

The petrol bomb, believed to be the work of loyalists, set the living-room of the house alight as the four – a Protestant woman, her two children and her Catholic boyfriend – were in bed upstairs.

In two other attacks, which police believe were carried out by the same gang, a device was thrown at a Catholic home but failed to ignite, while a Catholic primary school was extensively damaged and had to be closed.

These and a series of other attacks are linked to a bitter and

long-running dispute in which loyalists have been picketing Catholics attending mass at a chapel in the mainly Protestant town of Ballymena.

The loyalists say they are protesting because Protestant marchers have been prohibited from parading through the nearby Catholic town of Dunloy.

Such disputes are normally associated with the loyalist marching season, which comes to an end in August, but the picketing has now gone on for 11 weekends. Unpleasant scenes have resulted, and last week the protest degenerated into violence, with loyalists burning a bus and throwing a petrol-bomb at police.

Fears are growing that further violence may follow this weekend.

The petrol-bomb attacks are the latest in a series of scores



Inside the petrol-bombed house in Ballymena from which a family of four escaped

Photograph: Alan Lewis

of incidents in County Antrim, Belfast and elsewhere in Northern Ireland which have persisted since the July stand-off at Drumcree and subsequent disturbances.

In most cases Catholic property and families have been attacked, but there have also been numerous instances of attacks on Protestant targets. Early yesterday, for example, a malicious fire was started inside a Protestant church near Cook-

stown, Co Tyrone, damaging the pulpit.

Catholic churches have been a favourite target, especially in the County Antrim area, but schools have also suffered.

Two weeks ago the Government said there had been arson and other malicious attacks to more than 20 schools, causing damage estimated at more than £3m. A number of schools have been attacked repeatedly.

Yesterday the Catholic boyfriend of the Protestant woman whose house was burnt described the incident "Suddenly the window broke and a petrol-bomb came through the window and the house went on fire."

"I went in, lifted the two children out of their beds and rushed them down the stairs and out through the front door. "I came back in to see if I could do anything about the fire,

but I couldn't, so I and the girl and the kids just stood outside and watched."

Royal Ulster Constabulary chief Inspector Roger McCallum said: "I believe this was probably the latest manifestation of naked sectarian violence which we have seen in Ballymena in the past week."

"We are very fortunate that we are not looking at a quadruple murder case here. They were very fortunate people."

## Catholics lose faith in the RUC

David McKittrick  
Ireland Correspondent

A new public-opinion survey in Northern Ireland has provided graphic confirmation of the near-collapse of Catholic confidence in the Royal Ulster Constabulary.

Policing sources privately acknowledge that nationalist faith in the RUC is at its lowest point since the introduction of internment without trial in 1971. The reason most often given for the drastic loss of confidence is the RUC's performance at Drumcree and other disturbances of the summer.

The Northern Ireland Police

Authority, which oversees the work of the RUC and which commissioned the survey, has admitted that it represents "bad news". It has suggested a programme of action aimed at increasing confidence, but its members concede that there are no quick fixes.

The survey in effect confirms the worst fears of those who believed that the RUC's performance during the summer had resulted in a Catholic crisis of confidence in policing. The signs had previously been that nationalist respect for the police had been gradually on the increase.

The statistics illustrate the

magnitude of the summer setback, and the task facing the new Chief Constable, Ronnie Flanagan, in restoring his force's reputation.

The findings show a huge gap between Catholic and Protestant acceptance of the RUC's bona fides. Although this is a well-established pattern the level of mistrust has now reached new heights, with two-thirds of Catholics believing the police treat Protestants better than Catholics.

In the key area of parades and public order, 63 per cent of Catholic respondents expressed little or no confidence in the police to act fairly. As far as the

summer was concerned, three-quarters of Catholics believed police had treated Protestant demonstrators better. A commission is examining the question of regulation of marches, but there is already clear anxiety that the summer confrontations could be repeated.

The figures show that more than half of all those questioned, both Protestant and Catholic, believe that the RUC should undergo significant change. Eighty-two per cent of Catholics said it should be reformed, replaced or disbanded, while more than a third of Protestants agreed that the force should be reformed or replaced.

## Far reaching proposals for European power-sharing

Sarah Helm and Katherine Butler  
Brussels

Far reaching proposals for new European power-sharing, to be presented to foreign ministers in Brussels today, will fuel controversy in Britain over the agenda for European reform. The proposals, drafted by the Irish presidency, focus on these key areas:

**Immigration and asylum**  
New treaty articles are suggested for creation of an area of "freedom, security and justice". The new procedures should all be in place by 2001.

Countries should first abolish all border controls for citizens of the European Union and third-country nationals moving between internal EU frontiers. At the same time states would enforce joint measures on controlling the entry of third-country nationals at external frontiers. Countries should then adopt common rules on asylum and arrangements for receiving asylum seekers. Rules for accepting immigrants should be harmonised for entry and residence. Common rights for nationals of third countries living in the EU will also be required. European Commission, for the first time, to have wide new powers to propose measures in these areas. European Court of Justice to have new power of enforcement. Possibility of some states opting out of the measures is considered.

**Policing and security**  
A European police force and a criminal intelligence bureau along the lines of the United States FBI

Edited text of draft document for Dublin European summit

are proposed. Europol, the existing data network, should develop "operational" powers, which would include "operational actions of joint teams" from different member states.

The new force would have powers to act against drug traffickers, international criminals, terrorist groups and sex-offender networks. States should harmonise criminal laws to improve cross-border co-operation in combating international crime. Prosecuting authorities and justice ministries should establish close ties to share information.

**Human rights and discrimination**  
New treaty articles to ensure all member states observe agreed human rights standards. Action could be taken against states which breach the rules.

The EU's Council of Ministers would have powers to prohibit discrimination on the grounds of race, ethnic or social origin, religious belief, disability, age or sexual orientation. More power for European Commission to propose measures to ensure the application of equal opportunities and treatment at work, including equal pay. Policy enacted by the Council of Ministers by qualified majority.

**Foreign policy and defence**  
A more coherent joint foreign policy for Europe. The draft text says a high level figure should be appointed to co-ordinate European

foreign policy to give EU greater "standing and visibility". A policy planning unit with "early warning" capacity to foresee likely flashpoints should be set up in Brussels.

The practice of appointing a "troika" of three foreign ministers to represent Europe abroad should be abolished – the country holding the presidency would represent the union abroad. The use of the veto in foreign policy making should be drastically reduced. Even where votes are still taken by unanimity, member states would be unable to block other countries from going ahead with a policy decision. "Constructive abstention" would allow a country which objects the right not to take part in a foreign policy action, but not to stop others enforcing it. Where member states are considering military action or when they are discussing defense questions the veto could be used "for stated reasons of national policy".

**Security and defence**  
The draft states that there is "convergence towards the view" that the union should have power to use "military means" to pursue humanitarian and peace-keeping tasks. The Western European Union, which is the EU's fledgling military arm, would carry out these tasks. The text does not propose bringing the WEU inside the EU's decision making procedures, but suggests close co-ordination.

### Employment

The draft treaty notes that every member state except Britain wants to bring social policy into the updated treaty. In effect this would require the scrapping of Britain's social policy opt-out. The Irish Presidency, however, recognising the difficulty this will present suggests that a full debate on this matter should be postponed until later in the negotiations. To Britain's dismay it has however called for the incorporation of a legally binding treaty chapter on employment enshrining the goal of a high level of job creation. The Prime Minister has already warned against any attempt to transfer powers to Brussels in this sphere. Under the proposed chapter the EU would be endowed with a "coordinating" role over the efforts of member states to combat unemployment.

Member states are asked to "work towards a common strategy for employment" and to regard this question as "a matter of common concern". The most provocative recommendations are that the European Commission would draw up "guidelines" for employment each year which would be agreed by majority voting. Each member state would have to provide Brussels with an annual report on its employment policy targets and measures.

The Irish text refers to a "broad measure of support" for the proposals although stresses that some governments want to go even further for example to bring in sanctions. But it admits that others are "not convinced" that an employment chapter is justified.

## significant shorts

### Eggs thrown at the Queen by protesters

Protesters threw eggs at the Queen's motorcade as she visited a university yesterday.

When the royal couple arrived at Manchester Metropolitan University to dedicate the new humanities faculty, around 160 students, lecturers and left-wing agitators chanted "Save the Queen, not our grains".

Supt Alan Green, of Greater Manchester Police, said four or five eggs had been thrown at the motorcade, but none hit police or the Queen's car. One youth was arrested and was being questioned in connection with a public order offence, he added.

A university spokeswoman said the Queen seemed untroubled by the protest. Earlier, the Queen and the Duke toured the bomb-damaged city centre and met members of the emergency services who were on duty at the time of the massive IRA blast in June.

### Outrage over slaughter of cormorants

Bird-lovers yesterday expressed "outrage and disgust" that anglers are killing cormorants, a protected species, to preserve fish stocks.

They were responding to a report in *The Angling Times* which revealed the existence of "cormorant hit squads" which are breaking the law by shooting dozens of birds at a time. Landowners are hiring them in an attempt to protect their waters from the rising cormorant population. There are believed to be more than 7,000 breeding pairs in Britain, and many have moved inland to feed in freshwater fisheries.

Cormorants may be shot only under licence, and then shooters can only kill six a season. The Ministry of Agriculture, Fisheries and Food is currently leading a three-year investigation into their effect on fish stocks.

### Duchess of Kent has ME

The Duchess of Kent is suffering from ME and has had to pull out of all her official engagements, it emerged yesterday.

The 63-year-old Duchess is resting at her home, St James's Palace, on the advice of doctors. A spokesman said: "Her doctors have told her to cut back... It is nothing too serious. She is just rather tired in general terms. She has been advised to take it easy, because that will help her recovery." As a result, the Duchess had with regret declined all other official invitations since the summer, he said. "In herself, she is fine," but some days she was particularly fatigued.

### Aids vaccine fails in trial

A vaccine used to treat HIV patients to help prevent their condition deteriorating to full-blown Aids did not benefit them, according to a new study.

The *Lancet* reports that the vaccine MNrgp120 was used in a double-blind placebo-controlled trial of more than 550 patients infected with HIV but showing no symptoms. After 15 months, it was clear that the vaccination did not affect the CD4 blood cell count, a decline of which is thought to correlate with the progression of HIV infection. *Glenda Cooper*

### Lottery cash for museum

The Imperial War Museum has been offered a lottery grant of £12.6m towards the final stage of its long-term redevelopment, including galleries for a permanent exhibition about the Holocaust – study of which is on the National Curriculum.

Matching offers of private funds for the redevelopment include £1m each from the Wolfson and Rubin foundations and £250,000 from Marks and Spencer. Subject to the museum raising another £1m, construction can begin next summer. *Stephen Goodwin*

### Olivier's son to direct at Globe

Richard Olivier, son of the late Lord Olivier, will direct one of the opening productions for the first full season of the reconstructed Globe Theatre in London next June.

Henry V, directed by Richard Olivier and starring Mark Rylance, the Globe's artistic director, will start the season along with *The Winter's Tale* directed by David Freeman. Henry V will be performed in Elizabethan costume and *The Winter's Tale* in modern dress.

Construction of the theatre's permanent stage will be complete by the summer, and the public will still be able to watch in Elizabethan style from the courtyard where tickets will be priced at £5. *David Lister*

### BBC presenter switches to C4

Former *Crimewatch* presenter Sue Cook is quitting the BBC after 20 years to front a major antiques show for Channel 4.

Ms Cook, 47, worked on *Crimewatch* for 11 years after joining the corporation in 1976. However, despite submitting a number of ideas for new programmes to the BBC none was commissioned. In the 13-week series, entitled *Collectors' Lot*, Ms Cook will visit country houses and ordinary homes across Britain. The programme will go out four times a week, starting on 13 January.

### Pilot guilty of drug running

A pilot whose passenger died after walking into a propeller was yesterday found guilty of importing more than £100,000 worth of cannabis into Britain.

Graham Jones, 38, was convicted by a Winchester Crown Court jury of importing 20 kilos of the drug, and will be sentenced on 29 December. His passenger, Graham Marples, 44, who was travelling on a false passport never recovered from his injuries and died in hospital five weeks after the accident.

### University pay dispute

The pay dispute at universities – which last month threatened an unprecedented 24-hour strike at more than 200 institutions with the threat of more disruption to come – is to go to the conciliation service Acas. White-collar staff, including academics, administrators and technicians have been offered 1.5 per cent and manual workers 2.5 per cent. *Barrie Clement*

### THE INDEPENDENT ABROAD

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In this week's *Radio Times*, Andrew Duncan reveals the personality behind the glasses of the Australian megastar and discovers some unusual findings.

*Radio Times*

IT'S NOT WHAT YOU EXPECT.



Kenneth Clarke is the latest in a long line of politicians who have ended up in the soup after a free meal

## MPs rue the lunch that repeats on them

Fran Abrams  
Political Correspondent

The lighting was discreet, the fit of duck was on the menu, the atmosphere was congenial. Seated on a sofa bordered by elegant honeyed panelling, the Chancellor of the Exchequer was chatting amiably to two BBC political correspondents. Twenty feet away in the £50-a-head Chez Nico at Ninety Park Lane, Labour's environment spokesman was lunching with another BBC man, political editor Robin Oakley.

From where Frank Dobson sat, Kenneth Clarke may have looked like a man who was simply enjoying a good lunch and an expansive chat, but he had just fallen into a trap which had ensnared several of his fellow politicians in the past.

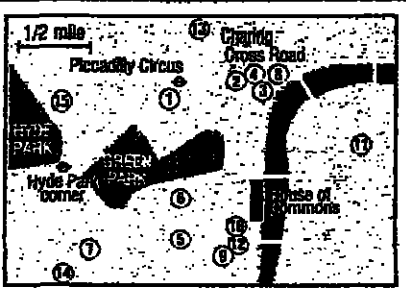
Mr Clarke was telling Mark Mardell and Jon Sopel that he and a number of middle-ranking ministers would resign if the Government changed its stance on Europe. Within 24 hours, he was to be forced to deny that he had any intention of doing so.

The only exceptional thing about the meal was its three Michelin stars. Politicians enjoy meeting journalists not only to pass on stories but also to hear gossip about their colleagues and – crucially – themselves.

But if Mr Clarke had read his history before he went to lunch

### Food for gossip: Dining with the senior sources

- 1 Wilson's, (fish, private booths), Jermyn St: serious grandees (Heseltine, Alan Clark), Max Hastings, Evening Standard editor
- 2 The Garrick Club, Garrick St: members include Kenneth Clarke, Nigel Lawson, Sir Patrick Mayhew, Ian Aitken, Alan Watkins
- 3 Simpson's, The Strand: Cabinet traditionalists, there for the roast beef and sticky toffee pudding
- 4 Raffles (garden), Maiden Lane: Ministers of State, Nick Wood, Express political editor
- 5 Simply Nico, (French), Rochester Row: Crowded with ministers, Blair inner circle also Robin Oakley, BBC political editor
- 6 Auberge de Provence, (Provencal), in St James's St hotel, Southampton Gate: Cabinet ministers, Michael Brunson, ITN's political editor
- 7 Olive, Eccleston St: Elinor Goodman, Channel 4 News political editor
- 8 Christopher's, Wellington St: Tory wets, the best newspaper writers
- 9 Savoy Grill, The Strand: Michael Heseltine, Alastair Goodlad, Tory chief whip, Lord Archer
- 10 Shepherd's, (trad English), Marsham St: any Cabinet or shadow cabinet member (within division bell area)
- 11 The Atrium, (cosmopolitan), 4 Millbank (Westminster bases 16 Nico At Ninety, (expensive French), Park Lane: of BBC and ITN), low-grade or public lunches (many lobbyists)



- 12 Livebait, (arch-feminine fish), The Cut, near Waterloo: middle ranks
- 13 L'Amico, (budget Italian), Horseferry Rd: often ancient ex-cabinet ministers (division bell area)
- 14 Gay Hussar, (Hungarian), Greek St: Roy Hattersley, declining in popularity (old-fashioned, too far)
- 15 Poulis Au Pot, (authentic French), Ebury St: Ministers of State and their shadows
- 16 Nico At Ninety, (expensive French), Park Lane: of BBC and ITN, low-grade or public lunches (many lobbyists)

on Wednesday, he would not have had to look back far for a cautionary tale.

The most recent example of dinner-table disarray happened a couple of months ago at the TUC conference in Blackpool, when Labour's Stephen Byers told journalists over Dover sole at The Seafood Restaurant that his party wanted to weaken its links with the unions.

"I have learned to be careful who I choose to have dinner with," he said ruefully the next

day after being projected on to several front pages.

This culinary tradition goes back much further than that and is a dish frequently eaten with side-orders of obfuscation and denial.

In March 1989, the then transport secretary Paul Channon professed himself to be "astonished" by reports that the police were close to identifying the terrorist who planted the Lockerbie bomb. The lobby

journalists who had just met Mr Channon in the Garrick Club were equally bemused by his protestations of innocence.

Only 10 months earlier, Neil Kinnock had beaten a similar retreat after a lunch with *The Independent* at L'Amico, near Westminster. The paper had reported that Labour was about to accept the Nato nuclear umbrella. Despite subsequent denials, just days later he was telling the BBC that there was "no need now for a something-for-nothing unilateralism."



Genteel trap: Superb food maybe, but many a politician has had to eat his words after lunch Drawing: Advertising Archive

## Ireland's old Machiavelli keeps mum on cash scandal



Alan Murdock  
Dublin

At his palatial mansion in north Dublin, the former taoiseach Charles Haughey was observing a vow of silence yesterday over suggestions in a magazine that he was the Fianna Fail politician who received more than £1m in secret payments from the supermarket executive Ben Dunne.

The revelation that fat cheques from Mr Dunne went across the political spectrum is turning into the biggest and most compelling political intrigue in Ireland for years.

Although no definitive statement was forthcoming from either the retired politician or his solicitors, a source close to the former party leader said he was strongly denying that he was the recipient.

Every conversation in Ireland this week has seemed to begin with "Well, who is it?" or a triumphant "Did you hear who it is?" Excitement was such that when the actor John Hurt walked into a Dublin pub popular with press and politicians no one batted an eyelid. Moments later, when the reporter who broke

payments scandal entered, the bar erupted in spontaneous cheering.

The idea that one of the holy mysteries of Irish life, the source of Charles Haughey's considerable wealth, was taking another turn turned a glowing ember into a bush-fire of frenzied speculation.

Agreeing that Mr Haughey was being dogged by "innuendo and rumour", the present Fianna Fail opposition leader, Bertie Ahern, said only publication of the accountants' report's behind the payments scandal could halt the rumours.

Price Waterhouse was called in to investigate how the family-owned supermarket and drapery group had been run by Mr Dunne soon after he was replaced by his elder sister Margaret Heffernan in 1993. The unpublished report is alleged to disclose payments to politicians, a newspaper executive and senior business figures by Mr Dunne, who was ousted from the chairman's seat after a cocaine-and-drinks scandal in 1992 involving a Florida call-girl.

It had been widely known before that that Mr Dunne was fond of high-stakes gambling with other

millionaires. On golf courses he would bet thousands on each hole.

As state lawyers and the Dunnes' advisers last night resumed discussions, government sources said the family "were adopting a very constructive and realistic attitude" to publication.

Confidence in Irish politicians has rarely been at such a low ebb. Af-

ter the transport minister, Michael Lowry, quit last weekend following allegations that he received £208,000 from Mr Dunne, Mr Ahern told the Dail: "We cannot allow political lynchings or mob justice, or to have ministers sink beneath the waves of media hysteria and feeding frenzy."

The Taoiseach, John Bruton, early yesterday confirmed his Fine Gael party obtained £180,000 in contributions from Mr Dunne from 1987.

How, Dubliners wondered, could someone in public office acquire a 250-acre estate in north Dublin complete with one of the capital's finest 18th century private houses and glorious gardens? (He later added a stud farm and wildlife reserve).

How could he afford a yacht, his own island off Kerry and a holiday home there? How could he fund top-class race horses, fine restau-

rants and enjoy the company of attractive women?

He had married well, to Maureen Lemass, daughter of an earlier taoiseach. Mr Haughey had rumoured links to Dublin property developers. People marvelled at how he sustained his lifestyle on a paltry Dail salary.

Mr Haughey's ascent was delayed by the drama of the 1970 arms trial, which left "the whiff of gunpowder" on his image, though he was acquitted of gun-running.

In 1988 it emerged that a visiting Saudi prince had bestowed a £150,000 diamond necklace and earrings on Mrs Haughey which were not left in state hands as protocol required. In the 1989 election an extravagantly funded campaign (locals reported "a river of Guinness ran through Dublin North-East") failed to get Mr Haughey's youngest child Sean into the Dail. He made it in 1992, his third attempt.

Once-sympathetic commentators accused him of a "Me Fein" (myself alone) mentality. Mr Haughey sketches in popular radio satire dwelling on the sexual legend as much as the great statesman, were now accompanied by

*The Godfather* theme music. (Mr Haughey was portrayed with unnerving effect by Dermot Morgan, now Channel 4's "Father Ted").

Public cynicism refused to go away. Mr Haughey's character in itself became a national issue which divided the voters. In elections canvassers for his party were rebuffed with the words "I wouldn't give him the itch if I thought he would get warm on a cold day scratching himself". His party's patience finally ran out and in January 1992 it bade him farewell.

Mr Haughey left the Dail in November that year, seemingly happy in patrician retirement, sailing around the Irish coast, riding his horse along Portmarnock Strand, and fund-raising for Ireland's National Gallery. That peace has now been shattered.

He survived so many "heaves" against his leadership that supporters once paraded with wry placards reading "Vilification Once Again," a play on the Republican anthem "A Nation Once Again". Under siege again this week, it is a fair bet the man himself is now uttering those very words.

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## news

# Shephard plans to make exams tougher

Judith Judd  
Education Editor

Standards in public exams appear to have remained much the same over the last 20 years, Gillian Shephard, the Secretary of State for Education, acknowledged yesterday.

After nearly a decade in which traditionalists and teachers have fought fiercely about whether rising exam grades meant higher standards or easier exams, Mrs Shephard said that there was no evidence of falling standards.

Despite an authoritative report which found that standards had not changed, she announced measures which aim to make GCSE and A-level tougher.

There will be more emphasis on grammar in GCSE English and a separate English Language GCSE. At both GCSE and A-level, the use of calculators will be restricted and the use of open books in English exams will be reviewed.

Hardy perennial: But are the questions harder?

## A-level English 1996

*The Mayor of Casterbridge*  
To what extent do the seeds of Michael Henchard's downfall lie within his own character?

Write an account of the life of Lucetta and show how, in their reactions to her, other people in the story reveal their own characters.

## A-level English 1991

*Thomas Hardy, *Jude the Obscure**  
What can you find in the opening chapter which prepares you for what is to follow?

OR  
*Jude the Obscure* - a study of failures. Do you agree?

At A-level, more pre-19th century literature will be compulsory. At present candidates must study Shakespeare and one other pre-19th century author out of eight texts. The new requirement will be for four.

The report from the School Curriculum and Assessment Authority, the Government's exam advisers, and the Office for Standards in Education says that there is a shortage of evidence about the issue of standards because not enough past scripts are available.

Mrs Shephard said: "Today's report shows no hard evidence

that standards are falling but we have been looking at the past. It is the future that is important."

The 50 independent examiners who drew up the report on English, maths and chemistry at GCSE and A-level found that candidates have to cover more topics than 20 years ago. In maths, the only subject in which there was evidence of a slight fall in standards, there was less emphasis on topics such as reasoning and problem-solving.

Chris Woodhead, Chief Inspector of Schools, told BBC Radio 4's *Today* programme:

"The report is saying to the Government that the danger is that more and more students are being educated for longer and longer at greater public expense to know less and less."

Mrs Shephard said she had been appalled by the lack of evidence from exam boards for the study. She called for a national archive of evidence about exam standards.

The most worrying feature of the report was evidence of inconsistencies between syllabuses and exam boards. She wanted the four English exam boards and three vocational bodies reduced in number but she added: "I am not in favour of denying schools and colleges choice and innovation by nationalising all examination provision under a single board."

However, David Blunkett, shadow Secretary of State for Education, said he was prepared to consider a single board for England and single boards for Wales and Scotland.

Leading article, page 21



Moment of ceremony: Pupils at the North West London Jewish Day School preparing to light candles yesterday for the beginning of Chanukah, the eight-day festival of lights

Photograph: John Voos

## Machete man 'felt need to get even with society'

A man charged with attempted murder after he went on the rampage with a machete in a nursery school told police he planned the attack a month before as a way of "getting even" with society, a jury heard yesterday. The court also heard that he felt an affinity with mass killers Thomas Hamilton and Martin Bryant.

Horreti Campbell, 33, an unemployed welder, told detectives that children at Luke's Infant School in Blakenhall, Wolverhampton, had teased him and called him a "loser", Stafford Crown Court was told.

Three children, aged between three and four, nursery nurse Lisa Potts and three mothers were injured in the attack on 8

July this year. Campbell, from Villiers House, a block of flats overlooking the school, denies seven charges of attempted murder - four adults and three children - but has admitted lesser charges of wounding.

The jury heard that Campbell told police after his arrest that he had planned the attack a month before as he felt there was a conspiracy against him.

Asked what was going through his mind as he lashed out at the nursery children, Campbell replied: "That I was getting even for them letting me down and turning against me, the people at the school and people in general. I think I'm at the end of some sort of conspiracy."

On 8 July, the court heard, he had got out of bed after midday and later "went to the school to attack some people. I had a bag with me to conceal my weapon, a machete."

He told police he had also carried a kitchen knife, a Fairy Liquid bottle full of petrol and two metal rods covered in foam, along with a lighter in his pocket.

He explained that the petrol and rods were to be used as flamethrowers. "It came across my mind at one stage - just throw it at the school. I would probably have wet the sponge in petrol and probably thrown them at anything."

He told police he approached

the school from behind the neighbouring church, adding: "I decided I was going to go through with what I had planned. I jumped over the wall and I attacked them."

When questioned by police about a picture gallery, including pictures of Dunblane killer Thomas Hamilton and Australian mass murderer Martin Bryant, Campbell said he believed some good had come out of the Dunblane tragedy.

In police interviews, Campbell said he felt an affinity for Hamilton who had also been treated as "an outcast, like an oddball". Referring to Bryant, Campbell said: "He shot and killed some people and I thought well, he drives a Volvo like me."

## London's ring of steel to expand

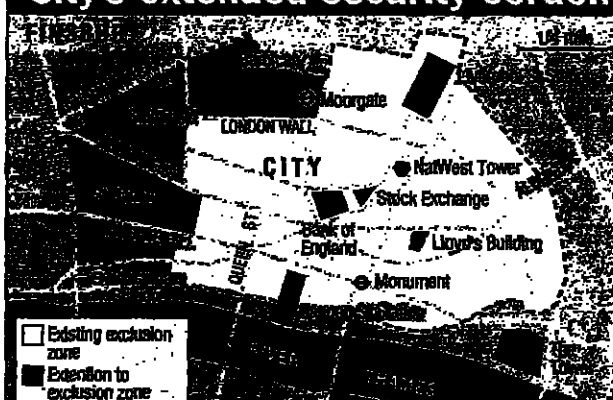
Charlie Bain

The Corporation of London is to enlarge its "ring of steel" security zone to the west of the City, as police continue to crack down on the threat of further IRA bomb attacks.

The new scheme extends the traffic restrictions and police checkpoints set up after the IRA bomb attack on Bishopsgate in February 1993. It was agreed by Corporation councillors at a meeting at the Guildhall yesterday and will run for a trial period of six months starting early next year.

The plan would extend the existing cordon to cover 75 per cent of the City, including St Paul's Cathedral and the Barbican. The Old Bailey, which was the target of an IRA bomb in the early 1970s will also come into the security zone for the

### City's extended security cordon



first time. The perimeter will run along Farringdon and New Bridge streets in the west, and West Smithfield, Beech and Chiswell streets in the north. Four new police checkpoints will also be set up at Queen Victoria Street, Ludgate Hill, Holborn Viaduct and Aldersgate street. It will involve 14 changes including the creation of new access points and the closure of many road junctions to vehicle traffic. Existing signs will be

masked off and timber barriers and plastic barriers will be erected as a short-term measure.

The £250,000 scheme was proposed and backed by the City of London Police, which has seen the existing cordon contribute to a 16 per cent reduction in crime in the City since it was first erected in July 1993.

At yesterday's meeting, the Corporation was quick to point out that the new proposals will help ease congestion, reduce air pollution and make London's financial heart a safer place for pedestrians.

Michael Cassidy, chairman of the Corporation's Policy and Resources Committee said that since the last cordon was erected their has been a 40 per cent reduction in the number of road traffic accidents.

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Closed for business: Many in Wishaw who were at first loyal to the Scottish Butcher of the Year, say they will not be going back to shop at John M Barr &amp; Son

Photograph: David Rose

## Fall of a butcher they called a good man

Steve Boggan  
Chief Reporter

The mood has turned in the small Scottish town at centre of food poison scandal

It was a cold, grey day in Wishaw yesterday as they celebrated 71-year-old Jessie Rogerson. For the Rev James Davidson, it was the third funeral in four days.

The day before, his composure had failed him slightly, exposing some of the deep pain he was feeling at the loss of so many friends and the threat, from the bacterium *E. coli* 0157, to so many more.

That was at the funeral of Alex Gardiner, 60, a former church elder and one of a group of 78 pensioners who sat down to take a festive meal at Wishaw Old Parish Hall in Lanarkshire on 17 November. Four of them are among the seven who, poisoned by *E. coli* in the gravy of

their meat pies, have since died. "I am getting to the end of my tether," Mr Davidson said at Mr Gardiner's funeral. "I am losing my friends and I am entrusted with burying them. It is very painful, but God is giving me the strength to carry on."

Yesterday, the only good news in Wishaw was that no one else had died. The number of people affected by the bug, however, continued to rise, with 24 new suspected cases being reported to Lanarkshire and Forth Valley health boards. The total number of confirmed cases was 191, with another 166 suspected.

Around 20 victims are giving doctors cause for concern, with one elderly woman described as "poorly" and seven children

receiving dialysis treatment to cleanse their poisoned blood at the renal unit of Yorkhill Hospital in Glasgow.

As Lord Mackay, the Lord Advocate of Scotland declared that the deaths would be the subject of a fatal accident inquiry - which could lead to criminal proceedings - the gloom around the town deepened.

Wishaw is a small community, badly affected by the loss of steel and coal production, particularly the closure of the Ravenscraig steel plant. When people heard that John Barr of John M Barr & Son, the Scottish Butcher of the Year and, arguably the town's favourite butcher, was being linked to the outbreak, they rallied to him.

He is variously described as kind, jovial, professional, dedicated and popular. But those who know him found their loyalties tested on Wednesday when the North Lanarkshire environmental services department alleged that he had supplied cold meats for an 18th birthday party on 23 November, after its officers had twice asked him not to, having told him that his shop was a possible source.

"He is a lovely man," said fellow butcher John Morrison, 25, of JM Butchers on Stewarton Street. "But selling that meat after he was told not to has changed the way a lot of people are thinking."

"Most people feel sorry for him. Certainly my heart goes out

to him. He has been a great family butcher for about 30 years but he has made one mistake and it could cost him everything. A lot of people are saying they won't go back if he re-opens."

With sales of meat in the town down by 30 per cent, according to Mr Morrison, it will take some time to restore confidence. "I have shopped at Mr Barr's for more than 20 years and I always found the place absolutely immaculate," said one woman. "At Christmas, we used to go round the back to fetch our parcels, and even the back was beautifully clean. I had planned to support him, but when I heard about the meat being sold after the warning, it changed everything. I won't be going back."

The town seems torn by a genuine feeling, bordering on love, for Mr Barr, and its disappointment in the alleged illicit sale of meat. A number of people who attended the party where the meat was consumed have subsequently fallen ill.

"I was very surprised when I heard about that," said Marion Brown, a local pensioner. "I used to go in there but I found the reports about the wrongful sale of meat worrying. I will go back when he re-opens, but it will take time."

Mr Barr's large bungalow at nearby Overton was empty yesterday. His shop and the small works that supplies more than 70 outlets was locked. Two signs thanked the community for

its support and said business would re-commence "as soon as the present situation is resolved".

But while the community struggled with its admiration for a good man and its anger that he appears to have let himself down, there was unequivocal support from one quarter.

Canon Patrick McGovern of St Ignatius's Church warned against laying blame. "There is a lot of grief in the community at the moment and there are a lot of sick people and bereaved," he said.

"But John Barr has always been good to this community. He has always been kind and professional. My housekeeper has always bought my meat from there and, when this is all over, I shall ask her if she wouldn't mind going back to Mr Barr's and buying it again."

## Licence fee 'on the way out'

Marianne Macdonald  
Media Correspondent

The possibility that the BBC may be reaching the end of the licence fee era was publicly acknowledged for the first time yesterday by its most senior executive.

In an unprecedented admission, Sir Christopher Bland, the corporation's chairman, accepted the prospect that the licence fee might no longer exist in 15 or 20 years' time - or even in as little as five years.

The Tory MP Toby Jesso challenged him in a Heritage Select Committee hearing on the BBC and the future of broadcasting, asking: "If I were not an MP but a bookie, would you think I would be far out if I laid odds against the licence system still being here in 15 or 20 years' time?"

"My own view is yes," Sir Christopher said. He added: "But these are hard things to forecast and right now I think I can say fairly clearly we know we have the licence fee for five years."

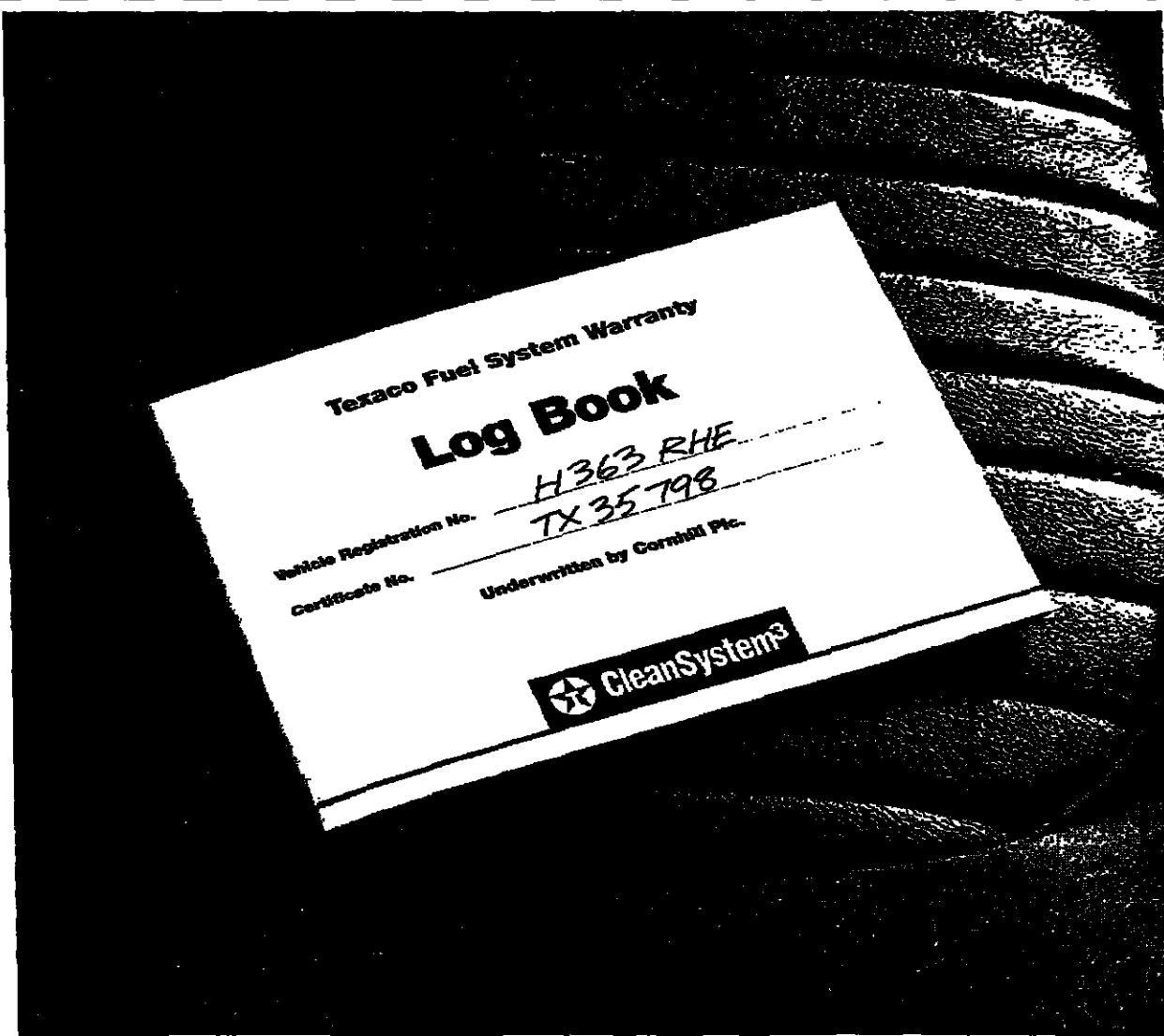
For 75 years, the BBC has been funded by the licence payer on the assumption of a universal sharing of interest, and the corporation argues it is the best method of ensuring the best service for the nation.

But the payment system is in danger of becoming an anachronism, with the explosion of satellite and cable, pay-per-view and the move to digital transmission. It is due to be reviewed by the Government in 2001.

The notion that the licence fee could come to an end - not least because it could be difficult to justify in the context of 200 television channels and the loss of rights to major sporting events - has never been publicly addressed by the BBC.

Earlier, Sir Christopher had been forced again to acknowledge his lack of certainty about the survival of the licence fee. Sir John Gorn, another Tory MP, asked: "Do you foresee the licence fee funding the BBC forever?"

"I'm chairman for another four years and five months," Sir Christopher replied ambiguously. "You can't look forever. It's impossible to say."



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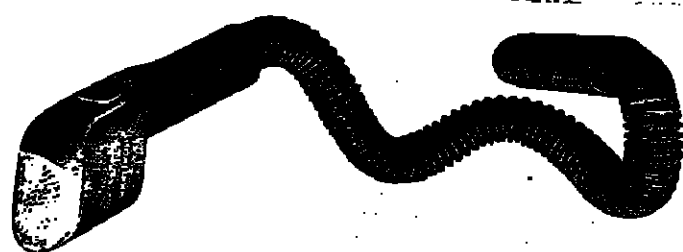
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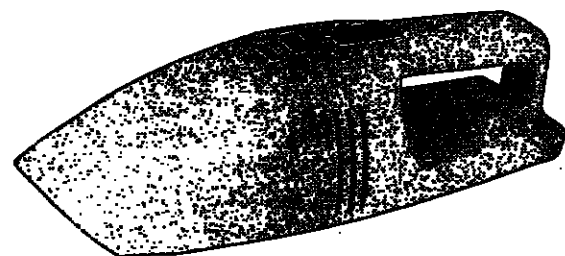


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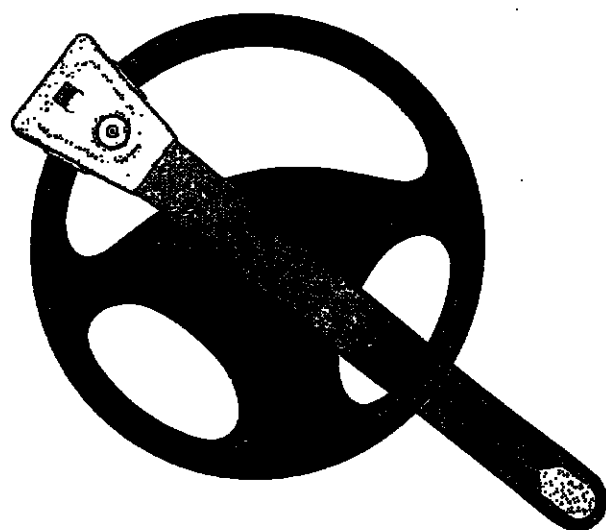
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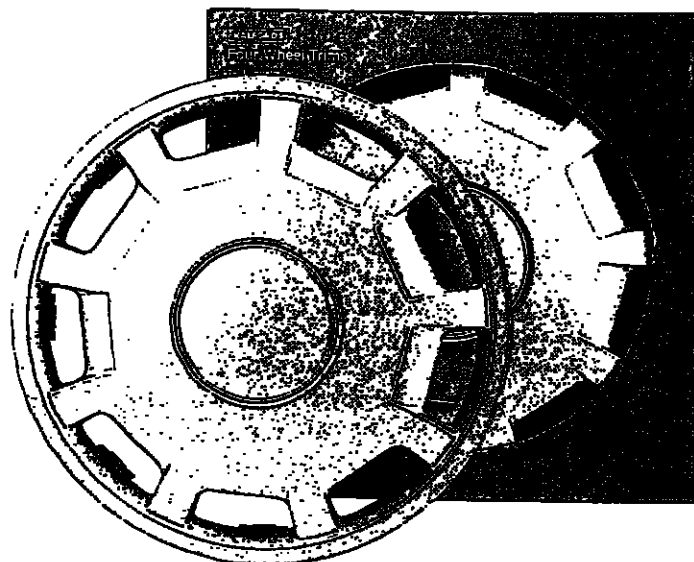


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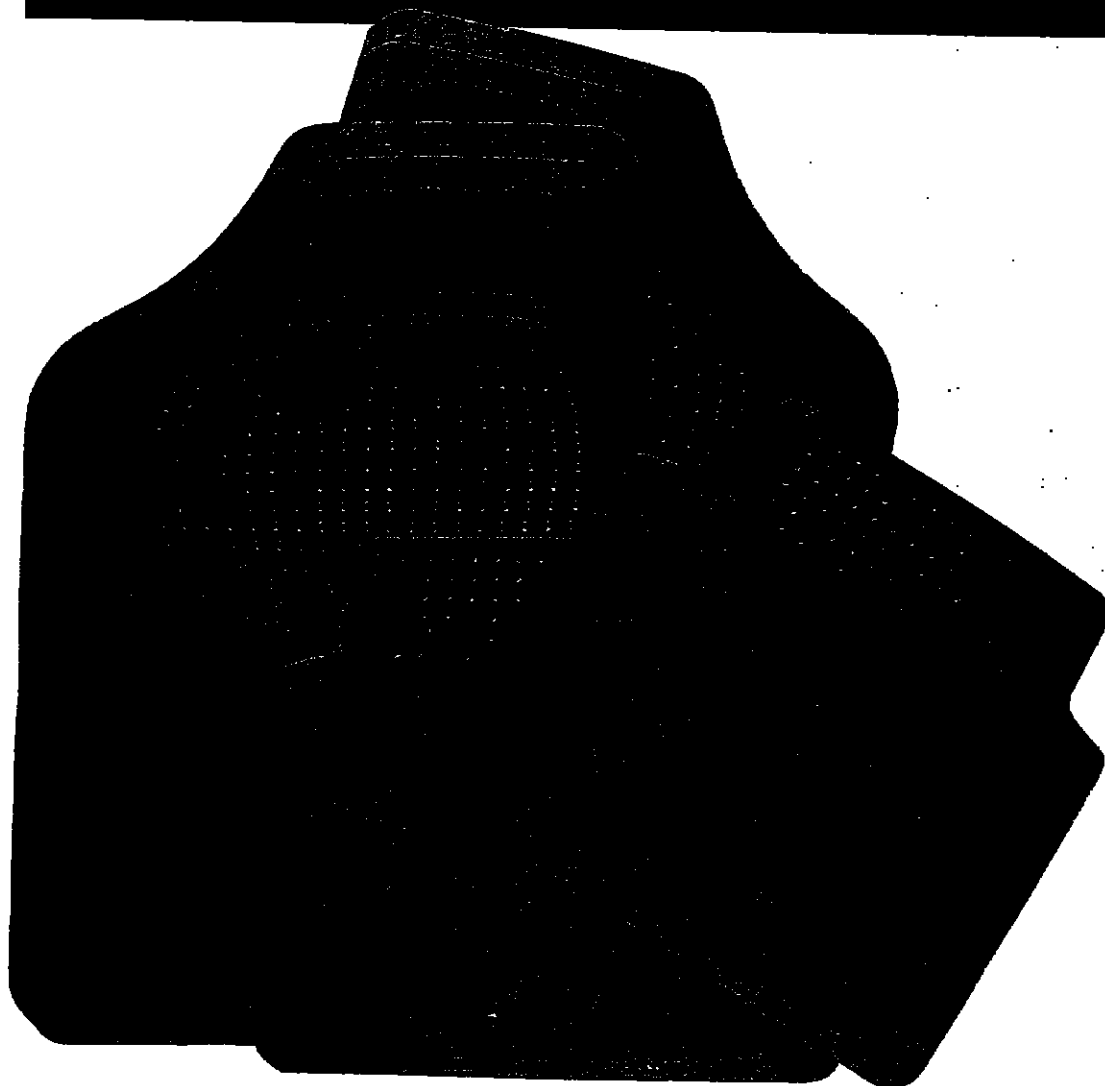


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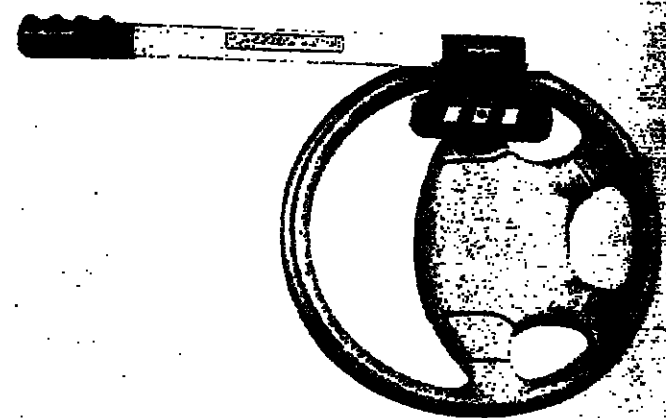
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# Sweeping penalties in new law on stalkers

Patricia Wynn Davies  
Legal Affairs Editor

Sweeping laws to outlaw stalking and racial and neighbour harassment were finally introduced in the House of Commons yesterday.

Under the Protection from Harassment Bill, which anticipates 200 cases reaching the criminal courts each year, stalkers who cause their victims to fear for their safety would face five years' jail, an unlimited fine or both, regardless of what their intentions were.

Stalking causing harassment, alarm or distress, whether or not intended, would carry a maximum penalty of six months imprisonment or a £5,000 fine, and is intended to catch lower-level intimidation such as unwanted phone calls or flowers, or the yelling of abuse from a neighbour.

The Bill, which covers England & Wales and includes some Scottish provisions, was omitted from the Queen's Speech last month and left to be carried through by a Tory backbencher. But it was adopted as a Government measure minutes after Tony Blair, the Labour leader, promised his party's backing and challenge, John Major to introduce it.

Michael Howard, the Home Secretary, said: "These laws would turn the table on those

who spread fear and distress such as stalkers, nightmare neighbours, bullies and racists, making them the victim of the criminal law."

Just two provable instances of words or behaviour putting a person in fear of violence or causing harassment, alarm or distress would technically be enough to trigger a criminal prosecution.

There will be defences to the criminal and civil measures, covering national security, prevention, detection or investigation of crime, and acting under statutory authority. Mr Howard said: "These laws would not prevent people from going about their lawful activity. The legitimate work of the police, journalists and others will be recognised and protected."

Jack Straw, Mr Howard's Labour shadow, said the measure would not provide a comprehensive solution to the problem of anti-social criminal behaviour. "The Government's acceptance that the Bill is likely to generate only 200 additional cases a year amounts to an admission of this," he said.

There was stronger criticism from Liberty, the civil liberties organisation, which said the new criminal offences were too widely drawn. "The criminal law already provides a range of measures to deal with all identified forms of behaviour identified as stalking," it said.

Children from the Kids' Clubs Network presenting political wishes to Labour leader Tony Blair and the Liberal Democrat's Paddy Ashdown at the House of Commons yesterday  
Photograph: Andrew Burman



## PRIME MINISTER'S QUESTIONS

### SCORING THE EXCHANGES

Tony Blair  
7/10

Blair angrily demanded satisfactory replies on specifics, and testily answered back to shouts from the Conservative benches. His performance was good, but marred by his customary 'I-M-I-jor-cannot-be-trusted-with-a-little-hue-can-we-trust-him-with-a-lot?' soundbite.

John Major  
4/10

Major was riled by Blair's questions on war pensions, and was more patronising than usual. His case started to look shaky when he did not deny the examples of alleged penny-pinching that Blair put to him.

### THEMES OF THE DAY

- The referendum on a single currency (Sir Teddy Taylor, C. Southend E)
- War pensions (Alan Beth, Lib Dem, Berrick upon Tweed)
- A-level standards (Sir Rhodes Boyson, C. Brent N)
- European Court ruling on borders (Charles Wardle, C. Beahill and Battle)

### BLAIR'S ATTACK

Insults were traded in an acrimonious session, by end of which both leaders looked ready to roll up their sleeves and take the fight outside. Blair claimed that British war pensions would suffer £50m-worth of cuts as a result of the Budget. Major said Blair was 'just plain wrong'. Blair challenged Major to deny some specific charges of penny-pinching. "Instead of all this patronising stuff about how we don't understand," Major responded with a dig at Blair's "petty".

### GOOD DAY...



Conservative Eurosceptics - Teddy Taylor and Charles Wardle were able to fit in questions on Europe, and could only offer some rather weak day.

Dennis Skinner (Lab. Bolton) On such a vicious day, the "Beast" himself, general about a supposed inspection of the Treasury chest, dressed up as a question about the PSBR.

### THE QUIP OF THE DAY

Appropriately given the mood of the chamber, Major said he hoped that Skinner had not left a lighted match behind him when he went to inspect the Treasury chest.

### THE UNANSWERED QUESTION

Are public-gallery protests about arms to Indonesia, and subsequent scuffles, going to be a regular feature of Prime Minister's Questions from now on? They have a one hundred per cent record for the week, but the protesters again found themselves booed out.

### THE CREEP OF THE DAY

Sir Rhodes Boyson: "Is my Hon Friend the Prime Minister aware that there are great rejoicings in this country today on the knowledge that the A-level standards will be retained and strengthened? And would he also agree that this is one of many reforms brought in by this government for the benefit of British education?"

Compiled by Ben Summers

## Committee split over decision to suspend MP

Christian Wolmar  
Westminster Correspondent

The committee of MPs discussing the fate of the former whip David Willetts for allegedly trying to subvert a Commons investigation into the Neil Hamilton affair is deadlocked after three lengthy meetings in private this week.

The Standards and Privileges Committee which usually meets only once or twice a week is to resume its secret discussions on Monday. The Committee has a Tory majority of one, but Quentin Davies, a Tory backbencher who represents Stamford and Spalding, was particularly hard on Mr Willetts when questioning him dur-

ing the hearings three weeks ago. There is tremendous pressure from within the Tory party on Mr Davies to vote along party lines. However Mr Davies is thought to be standing firm, resisting blandishments from senior Tory members and arguing that the committee has a judicial role independent of party considerations.

There are two schools of thought about Mr Davies on the Tory benches. Tory loyalists argue that he is being spiteful out of his failure to obtain ministerial office despite his undoubted abilities. However, more independently minded Tories and opposition members say Mr Davies is merely being honest and recognises the

wider importance of the committee's work.

The Committee has to decide whether to punish Mr Willetts, now the Paymaster General, for trying to influence Sir Geoffrey Johnson Smith, the chairman of the now defunct Members' Interests Committee, in October 1994 when it was discussing whether to take action against Neil Hamilton who was accused of taking cash for asking Parliamentary questions.

The options facing the Committee are to exonerate Mr Willetts or to punish him with a reprimand or a suspension. Mr Willetts is reported to be certain to resign if he is suspended, while a reprimand is likely to make his position untenable.



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## news

# Carey and the Pope agree to differ

Andrew Brown  
Religious Affairs Correspondent

Pope John Paul II and the Archbishop of Canterbury, Dr George Carey, yesterday met for an unscheduled lunch following 30 minutes of talks in which the two men agreed a friendly restatement of their differences over papal authority and women priests.

Dr Carey suggested at a press conference after the meeting that women priests might yet be rejected by the Church of England, but added hastily that he thought this was most unlikely.

The archbishop also listed the functions and authority of the papacy, the role of the Virgin Mary, and papal infallibility as areas in which the two churches were still far apart. "In the history of Christianity we have found ways of overcoming very difficult problems. We ... have to trust God for the future," he said.

The Pope, 76, appears to be suffering from Parkinson's disease. When greeting the archbishop he shuffled along without ever moving one foot completely in front of another. Once a man of commanding presence, he now seems squashed rather than stooped. His head is held to one side, and he reads with agonising slowness from prepared texts. However, he is still capable of moments of spontaneity in speech, according to members of the archbishop's party.

In a clear reference to the Anglican ordination of women priests, which threw up an unexpected obstacle after serious talks about church unity started thirty years ago, the Pope told Dr Carey that: "These difficulties seem to loom large on the way to the reconciliation

which dialogue intended to promote. The path ahead may not be altogether clear to us, but we are here to recommit ourselves to following it."

Pope John Paul also restated his own interpretation of the importance of his office. Although Anglicans have expressed themselves willing to accept a symbolic papal primacy, he demands that it have real powers: "Our shared desire to respond to the Lord's will cannot fail to lead us to a common understanding of the mind of Christ in every crucial aspect of the constitution of the Church."

Dr Carey was equally uncompromising in restating his own positions. He referred to the rejection by the Congregation for the Doctrine of the Faith, the Vatican's watchdog of orthodoxy, of one of the agreements reached by Arcic, the committee which is trying to establish theological agreement between the two churches. This is still a sensitive subject.

Preaching after his meeting with the Pope, at the church from which St Augustine set out in 597 to convert the British Isles, Dr Carey even praised the Reformation, when the Church of England split from the Roman Catholic church. "The Reformation was not a tragedy so much as a rediscovery of the Bible and its authority, of the importance of justification by faith. To be sure, all those things were there in the ancient Church, but they needed a rediscovery."

Dr Carey suggested that the Roman Catholic church had, since the reforming Second Vatican Council in the Sixties, caught up with these Protestant discoveries of the Reformation.



Rusting away: The 1930s steam tug John H Amos on a slipway at the Chatham Historic Dockyard in Kent. Restoration costs could run into six figures Photograph: David Rose

## Tide runs out for jewels of maritime history

Stephen Goodwin  
Heritage Correspondent

For the John H Amos, a unique piece of Britain's maritime past sitting on a slipway in Chatham, the launch yesterday of a National Register of Historic Ships may have come too late.

All known vessels over 40 feet long and over 40 tons, built in Britain before 1945 and which still lie in UK waters, will be included on the register. There are believed to be more than 3,000 craft in this category of which 900 have so far been identified. The

future of some is already assured, like the 1817 sailing frigate *Trincome* in Hartlepool, the oldest warship afloat, and the *Discovery* at Dundee, the research vessel in which Scott made his voyage to the Antarctic.

But others, like the John H Amos, face an uncertain future. Built in Paisley in 1931, it is the last intact steam sidewheel paddle tug in Britain, a fact which for enthusiasts more than justifies its preservation. Martin Stevens, a businessman from Sittingbourne, Kent, has been trying

for 20 years to save the tug from the scrapyard. He bought the vessel for £3,500 from the then Cleveland County Council - the vessel spent her working life on the Tees - and after a civic send-off, complete with brass band, she was towed to Chatham. It became one of two vessels in Mr Stevens's Medway Maritime Museum.

Three years ago the John H Amos sank - or rather the tide came in as she sat on her mooring and she never rose with it. Pumped out, she was hauled up on to the slipway where Mr

Stevens has sand-blasted the hull and filled in the holes.

As he puts it, he has "wangled" materials, including sand, paint and ropes, and the labour has been his own. "But that's no way to restore a boat. It's just hanging on by one's finger tips waiting for something to turn up. And, frankly, it's got to turn up a bit quickly."

Mr Stevens is trying to form a trust to bid for Lottery money. Restoring the boat could cost tens of thousands of pounds. "The worst thing that could happen is that I'm turfed off the

slipway and have to find a mud mooring," he said. If that happens the hull will quickly deteriorate.

The register is a key component of a report *Towards a National Policy on Historic Ships* which gives guidance on assessing a vessel's significance as owners compete for money, particularly from the Lottery.

It became clear during research by the University of St Andrews, under the direction of Robert Prescott, director of the Scottish Institute of Maritime Studies, that most historic ves-

sels remained in private hands. Getting details proved difficult.

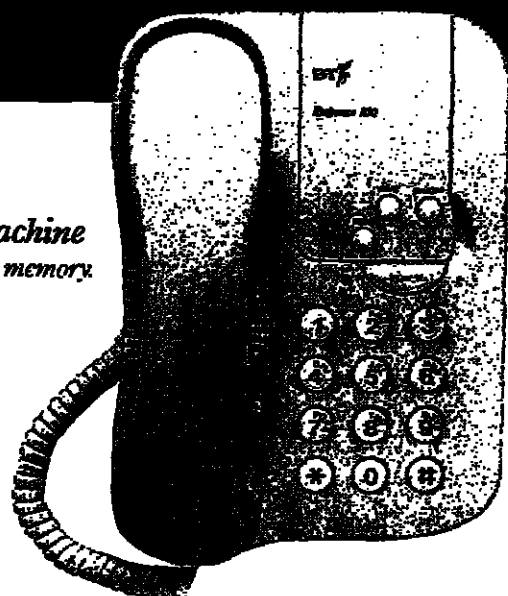
Keeping old ships afloat is expensive and only a minority will get help from the Lottery. Dr Prescott said the "attrition rate" was very high. "A large number of light vessels and paddle steamers have been turned into pleasure craft and then gone to the breaker's yard when they have failed in that capacity."

"Britain, like most countries, is much more experienced at looking after old buildings. We have yet to learn the lessons of looking after old ships."

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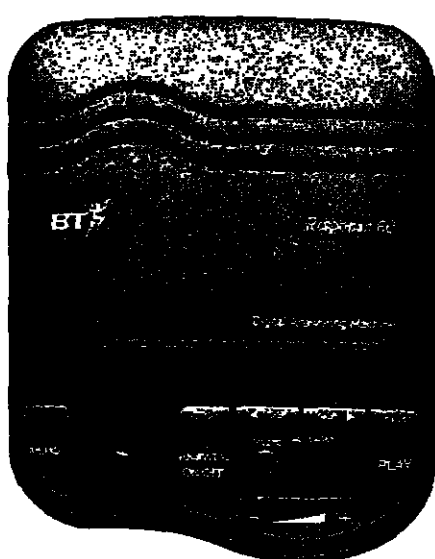
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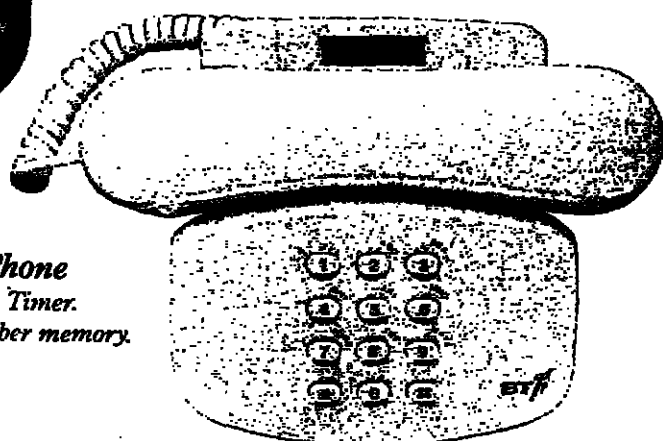
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# Social scientists' report paints a picture of Britain as a land of complacent captains of industry, emptying cities and unruly children

## Why shouldn't we all be paid like a jockey?

Ian Burrell

Britain's highly-paid company executives have been told to follow the example of the nation's jockeys and make their salaries dependent on performance.

New research carried out at the London School of Economics has shown that jockeys who are paid huge retainers by horse owners suffer a marked fall-off in the number of races that they win.

Researchers at the LSE's Centre for Economic Performance (CEP), analysed the performance of the top 50 flat race jockeys over a 10-year period. Leading jockeys including Willie Carson, Pat Eddery and Steve Cauthen, all slipped down the rankings when owners agreed to pay them hundreds of thousands of pounds a year in retainers to secure their services.

By contrast, jockeys Tony Ives and Ray Cochrane, have consistently been among the highest-performers without being paid retainers.

David Metcalf, the CEP's deputy director, said that the position of jockeys on large retainers was similar to company bosses, who typically receive around two-thirds of their earnings in a base payment which is not related to performance. "With bosses, very little is actu-



Lean and mean: top jockeys like these win more races if they get paid by results. Britain's top earners could benefit from a similar regime

Photograph: Dave Shopland

ally contingent on performance," he said. "Fat cats would do themselves a great service by making their pay more contingent on share price."

Flat jockeys earn £51.50 as the set fee for each ride, plus a 7 per cent share of their winnings. The retainer system in British racing has now almost broken down - which Professor Metcalf said was evidence that it did not work - and almost all jockeys are paid by performance. "The jockeys

provide a real lesson for bosses about how to define a payment system. The jockeys' system has gradually evolved and it serves racing very well. If bosses did the same it would serve our national economy better," he said.

The LSE research, which was funded by the Economic and Social Research Council, uncovered a deterioration in the performance of jockeys on large retainers. According to the study, Carson averaged 27th in

the jockey rankings when paid a retainer compared to 12th when his earnings depended entirely on performance. Steve Cauthen finished 7th on average except when he was paid a retainer when he slipped to an av-

erage of 12th. Pat Eddery fell from 13th to 16th on a retainer, while Walter Swinburn stayed at 16th but earned less prize-money when he was on a fixed payment.

continued to improve despite earning a retainer was the phenomenal Frankie Dettori, who climbed from 7th to 4th in the rankings. Dettori is paid a retainer, believed to be around £500,000 a year, by Sheikh Mohammed of Dubai.

Professor Metcalf said that because of the greater elasticity of their pay, jockeys could improve their earnings by 20 per cent for a 10 per cent increase in performance. By contrast, bosses could only add 3 per cent to their earnings for a similar increase in performance, which offered them little incentive to work harder.

"I have got no problems with fat cats so long as their pay is based on performance but in most cases it clearly is not," he said.

His co-author, Sue Fernie, said: "The study has shown that paying large sums with insufficient performance incentives built in is inferior to carefully constructed incentive contracts."

"In the spirit of the old song, 'it ain't what you pay it's the way that you pay it' - and that's what gets results."

Michael Caulfield, secretary of the Jockeys' Association, said the report made "fascinating reading" and confirmed the view of most jockeys that racing had a fair and effective pay system.

## Big exodus from the cities Primary school exclusions up

Nicholas Schoon

Inner-city decay is being made worse by a flood of urban-dwellers leaving Britain's largest cities for smaller towns and the countryside, new census research has revealed. The out-migration is also exacerbating the loss of green fields and woods to suburban sprawl.

About 90,000 people each year quit the big urban areas of England for pastures new, with London suffering the biggest exodus, according to the research by geography professor Tony Champion of the University of Newcastle.

His conclusions throw cold water on the Government's

hopes of a revival in urban living. Its proposed target is for 60 per cent of all new homes to be provided within existing urban areas rather than in the countryside; the current rate is about 50 per cent.

But Professor Champion reports that the outward flow from London and England's next six largest cities has accelerated through the 1990s after a drastic slowdown in 1989 and 1990, when house prices suddenly began to fall after years of rapid growth. His prime sources are 14 years of the National Health Service's Central Register, based on people registering with their local GP up to 1994, and the 1991 Census.

He found a universal pattern of urban flight, with people moving from city cores to suburbs, big towns to smaller ones, and from densely populated counties to remoter, thinly inhabited ones. It was, he said, "an extremely deep-seated process which has been going on for decades".

This applies to most sections of the population but is particularly marked among those aged 30 to 44, the self-employed and the retired. The only group to buck the trend are 16- to 29-year-olds, among whom there has been a net move into the cities. Professor Champion's survey, funded by the Economic and Social Research Council, suggests the exodus will gather

pace as the number of homes bought and sold rises in a swiftly recovering property market.

Out-migration from the seven biggest metropolitan areas - London, Birmingham, West Yorkshire, South Yorkshire, Liverpool, Manchester and Tyneside - peaked at 125,000 in 1987, the height of the last boom. Between 1981 and 1994 more than 1.28 million people left.

The new research suggests that the Government will have to come up with more radical, expensive and controversial policies than it has been willing to contemplate. If it wishes to protect the inner cities from desertion and the countryside from sprawl.

Hundreds of children are being permanently excluded from primary schools as head teachers try to hit performance targets, writes Ian Burrell.

Researchers at the University of Portsmouth found that permanent exclusions from primary schools more than trebled to 1,215 in a year, while up to 10,000 other children were temporarily excluded.

Most of the children, (54 per cent) were excluded for violent behaviour, while 17 per cent were ordered out for verbal abuse and 16 per cent for disobedience.

Others were shown the door for being disruptive to other children or simply being "un-

controllable" within the school. Nine out of ten of those excluded were boys.

The research team found that in 1992-93, 1,215 primary schoolchildren were permanently excluded from school, compared to 378 the year before.

A detailed analysis of three local authorities - two London boroughs and a county council - found that temporary exclusions, which schools are not legally obliged to report, were occurring at eight times the rate of permanent exclusions.

If the pattern was repeated across the country, 10,000 primary schoolchildren could be affected.

Dr Carol Hayden, who headed what is the biggest-ever study of primary school exclusions, said that head teachers were very aware of the economic consequences of keeping disruptive pupils in school.

She said: "If schools keep disruptive pupils, other parents can become disgruntled and take their children and the funds that go with them to other schools."

"Difficult children can also make it harder for other students to learn, deterring more parents from sending their children to the school. The planned introduction of league tables for primary schools will exacerbate this problem."

The researchers, who were funded by the Economic and Social Research Council, found that 80 per cent of the excluded children were on the casebooks of specialist agencies, mostly social services.

A quarter of the children had been "statemented" by education psychologists for having emotional and behavioural difficulties.

Further examination of the family backgrounds of a sample of 38 excluded children found that 90 per cent came from families where the parents had divorced or separated, and 60 per cent from families where there was evidence of neglect, violence or abuse.

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## news

# Channel tunnel procedure failed in earlier fire

Fires on the railways last year soared by nearly 40 per cent, and many were started deliberately, it emerged yesterday.

Inadequate removal of litter and rubbish was the main cause of serious track and lineside fires, said a Health and Safety Executive report on railway safety for 1995-96. However, arson or vandalism was responsible for 121 of the 256 fires on trains during the period.

For the first time since 1978 a train fire resulted in a death, when a passenger jumped from a blazing train at Maidenhead, Berkshire, in September 1995, and was struck by a train on an adjacent track.

The total number of railway fires in 1995-96 was 425, a 39 per cent increase on 1994-95 total. The number of train fires was only one less than the highest recorded in the previous five years. The report said acts of arson or vandalism, although increasing, were generally dealt

with by train crews, ensuring "that most fires of this type were extinguished at an early stage". A major cable fire at Birmingham New Street station was attributed to the ignition of litter "which should not have been allowed to accumulate". The report added: "Those responsible for the removal of litter should be aware of the potentially serious consequences of cost-cutting in this essential activity."

Most acts of arson or vandalism occurred in the London suburbs and the Home Counties. Few culprits were caught, the report said.

Eurotunnel had no set procedures to deal with "dense exhaust smoke" which covered 15 miles of the Channel Tunnel's service tunnel in an incident in September last year, the executive also disclosed yesterday. All train services should have been suspended during the incident, which involved a diesel-

powered service tunnel vehicle which runs on wheels. The service tunnel is the "safe haven" into which passengers can be evacuated if there is an incident. The report went on: "While the smoke was not toxic, all trains should have been suspended because of the loss of the safe haven. Since their rules did not cover this eventuality, Eurotunnel continued to operate a normal night service. Eurotunnel had since carried out a review and had amended emergency procedures."

Vic Coleman, deputy Chief Inspecting Officer of Railways and a member of the Channel Tunnel safety authority, said that with regard to last month's tunnel fire, the safety authority would study further proposals from Eurotunnel before being able to approve a re-start of freight shuttle services. Yesterday Eurostar trains began running. Car shuttle services will re-start next Tuesday.

# Spy who sold country for lust and greed



Secret life: John Vassall, blackmailed by the Kremlin over his homosexuality, was jailed in 1962 for passing Admiralty documents to the Russians

Louise Jury

John Vassall, one of the KGB's most notorious British spies, has died, aged 71. He suffered a heart attack outside a London Tube station and was buried this week, in a private service at odds with the scandal which surrounded him in the 1960s.

He served 10 years in prison when his role as a Soviet spy was exposed. He had spent eight

years passing secrets to the Russians after one of the most bizarre treachery scandals of the century shook British counter-intelligence to its foundations.

Vassall, who took the name John Phillips when he was released from prison, was a weak-willed glib homosexual sent to Moscow at the height of the Cold War as a junior Naval attaché at the British Embassy. It was a decision which later

baffled government, because he became an easy victim of classic Kremlin blackmail. He was enticed by Russian Secret Service agents to a party where heavy drinking led to male guests stripping and being photographed in lewd poses.

Risking exposure as a promiscuous homosexual if he failed to cooperate, Vassall began passing secrets in 1954 and continued as a spy when he re-

turned to London in 1956 to work in Naval Intelligence.

While the British failed for some time to isolate Vassall as the traitor in their midst, they eventually realised that this humble assistant private secretary on a salary of £15 a week was keeping an expensive flat in Westminster and holidaying in New York, Capri and Rome. At his trial, he was accused of "selling his country for lust

and greed" and the subsequent inquiry showed up British intelligence in a most unflattering light.

He was jailed for 18 years in 1962 after admitting four offences under the Official Secrets Act. He was released in 1972 and attempted to rebuild his life working for the British Records Association, an archivists near his home in St John's Wood, north-west London.

## DAILY POEM

### Episode

By Zsuzsa Rakovszky

*It's hardly worthwhile noting down which door leads where - in any case I won't be tapping my way round the angles of this dark corridor again, seeking a doorknob, wary of waking who knows who with a creaky floorboard. Why take especial notice of a stranger's flat anyway?*

*In the dim glow of the bathroom mirror I make out cans of sprays, a double row of toothbrushes, and as in the flash of a camera, myself in agitated outline. Despite this show of belonging, I'm out of my element, a foreign body lodged in an alien event.*

*no more. But even if the postulated soul is missing, every gesture of the mock sacrament enacted on that preliminary roll of tartan - variations on a common stock of ideas, but so many and so individual - in other words the whole neck-breaking ritual*

*works with such a fluent passion that the cursed heroine can remain in perpetual mute arrest even if it's the hundredth time and not the first when, between deep blue sea and prompter's box, she shakes her terrified incredulous locks to stare fixedly at the hand across her breast.*

Hungarians treasure their poetry which, due to the isolation of their language, has received less recognition than their music and is less known in the English-speaking world than it deserves, writes George Gömöri. Zsuzsa Rakovszky is Hungary's leading woman poet, and is one of 35 poets in a new anthology of Hungarian poetry, *The Colonnade of Teeth*, published by Bloodaxe. Oxford published her collection *Another Life* last year, translated by George Szirtes.

George Gömöri is Senior Lecturer in Slavonic Studies, Cambridge University. He edited *The Colonnade of Teeth* with George Szirtes.

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# NHS opens hospital doors to insurance firms

Colin Brown  
Chief Political Correspondent

Labour last night warned that a meeting of NHS trust leaders today to select an insurance company for health service pay beds will pave the way for turning the health service into a "safety net" for those too poor to pay for care.

Four insurance companies will make bids for the nationwide contract to offer insurance

for private pay beds in NHS hospitals to the leaders of 73 hospital trusts at the offices of the Federation of NHS Trusts in the Strand in central London.

The Norwich Union is being tipped to replace Bupa, the private health insurance specialist, which pulled out of providing care for NHS pay beds to concentrate on Bupa-backed private hospitals.

Theresa Jowell, Labour's health spokesperson, said it was part of

a "secret agenda" by the Government to switch most patients into private health schemes, leaving the rest to the NHS.

That charge is strongly denied by ministers and the trusts hospitals. Stephen Dorrell, the Secretary of State for Health, secured an extra £1.6bn for the NHS next year, with a pledge to increase spending in real terms every year. He rejected in an interview with *The Independent* a plan by an adviser, Dr Michael Gold-

smith, in a paper for the right-wing think-tank, the Adam Smith Institute, for the NHS to adopt a "core curriculum" and "top up" insurance schemes to supplement funding by the taxpayer.

A spokesman for the federation said that Bupa were going to "push their customers into their own hospitals - clearly that is a situation that the trusts who are losing that income could not ignore".

The federation looked at al-

ternative providers of insurance "to encourage a continuing income stream", said the spokesman. "When Bupa announced they were going to pull out, we were inundated with people who said they had been treated in private hospitals and wanted the full back up of NHS hospitals."

"Pay beds contribute a significant amount to the NHS which goes to the benefit of the overwhelming majority of NHS

patients. We want that income to go back into the NHS."

Labour has dropped its threats to abolish pay beds, but Ms Jowell said the meeting would secure a contract for an insurance company in NHS hospitals. She said patients would be offered a choice between treatment in private wards under the hospital's private insurance scheme, or in NHS wards.

Ms Jowell said it was differ-

ent from the arrangement under which Bupa was one of several companies offering private insurance for patients using NHS pay beds.

By linking themselves to a dedicated insurer, she fears that the hospitals will promote their insurance schemes.

"We see this as the Government's hidden agenda for the NHS. They want it to switch into an insurance-based system particularly for elective surgery."

The trusts have assured her

they will not be promoting one company's private insurance schemes, but she has written to Mr Dorrell, protesting at the scheme. "The Government are fond of protesting their support for the NHS but are turning a blind eye to this deal."

"This is because it fits perfectly with their plans to make the NHS an insurance-based privatised service with a safety net for those who cannot afford to opt into the private scheme."

## Swallows' flight captured in tunnel vision

Nicholas Schoon  
Environment Correspondent

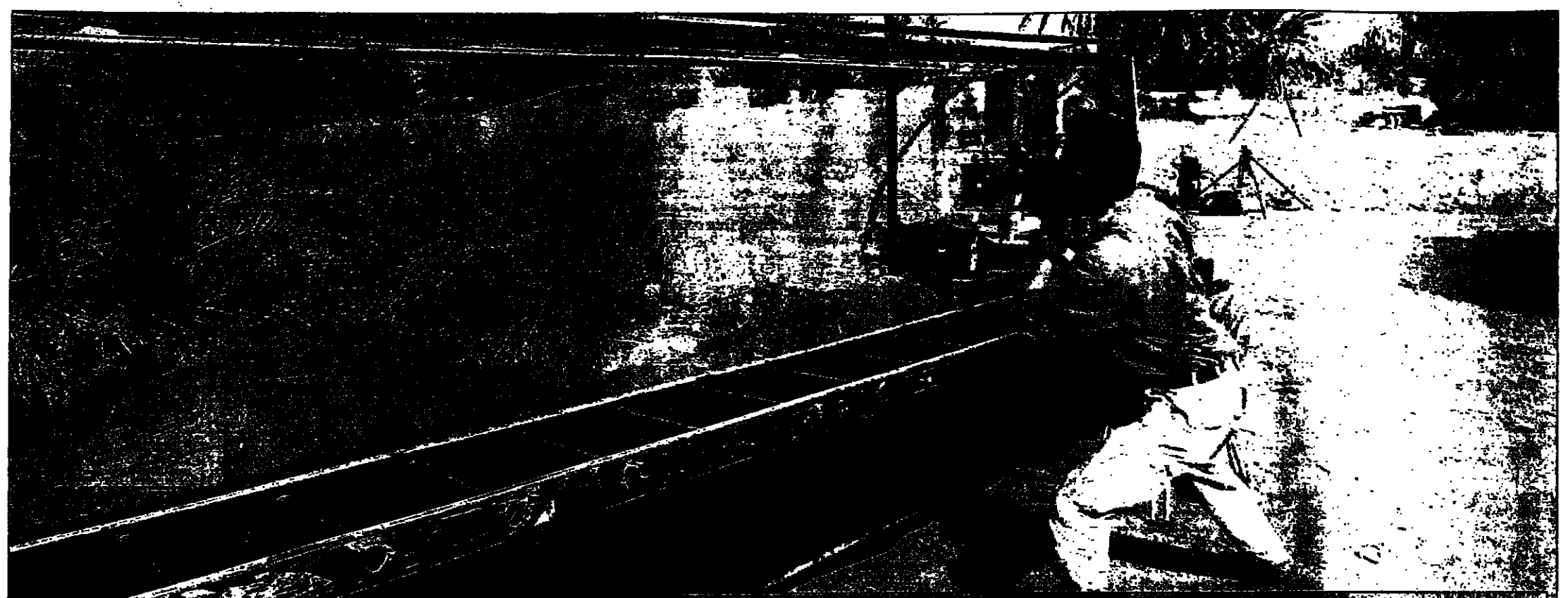
It was a most unusual migration. A family of young swallows travelled south from Britain, across Europe and into North Africa, by van and by ferry.

Every now and then, the birds would stop, along with the BBC Natural History Unit film crew accompanying them. Then they would fly from one end of a 20-foot clear glass tunnel to the other many times, with a cameraman running along beside them.

It was the best way the BBC could find to film the small birds flying past the scenery they would naturally have encountered during their 6,000-mile flight from northern Europe to southern Africa.

It is extremely difficult to film a swallow in flight because of its high speed and tiny size. "We didn't want to use special-effects techniques and make it look like Superman flying," said Nigel Marvin, producer of a forthcoming BBC1 series on animal migration.

So they plumped for the purpose-built tunnel with curved sides so that the cameraman



Flight of its life: A BBC cameraman filming a swallow flying through a glass tunnel against an artificial wind in a simulation of the bird's 6,000-mile migration to South Africa. The film, *A Swallow's Odyssey*, will be broadcast in January. Photographs: BBC

would not be reflected in the transparent plastic. The swallows were trained to fly along it into a headwind created by a fan, making for some food at the far end.

"Even so, it was very difficult to follow them down the tunnel," said Mr Marvin. "For every 200 minutes filmed we could only use one, which we think is a record."

The filming of the swallows

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The filming of the swallows

against various landscapes in France, Spain, Gibraltar and North Africa took several weeks and cost several hundred thousand pounds, but the BBC will recoup the money in foreign sales.

The baby birds became available when they were orphaned. At the end of the filming they were released in Morocco to continue their journey south under their own steam.

The filming of the swallows

It takes a swallow three to four months to fly from Britain to sub-Saharan Africa. They usually fly about 100 miles a day when it is light, always roost at night, and sometimes stop for a few days *en route*.

The average lifespan is three years, with very high mortality among the young birds making their first journey south and back north again for the next summer.

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## news

Victims of Abuse: The *Independent* Christmas appeal looks at the NSPCC team that roots out the wrongdoers

# Paedophiles are not men in dirty raincoats. They are clever people who naive children trust

Glenda Cooper

Running a bookstall on a local market, Ian Pastel came into contact with a lot of people. He was seen as being always willing to help someone out of financial difficulty or to visit anyone in trouble.

But the people he befriended always had children. They, seeing him as a family friend, would visit his stall after school.

Then in December 1994 the spell broke. Alice, 13, told the police that when she had stayed at Pastel's flat one night after running away from home he offered her alcohol, masturbated himself and indecently assaulted her. Pastel denied the accusation and no charge was brought.

Six months later social services heard that Pastel had been taking pictures of children who had visited the stall. The council called in the London Investigation Team run by the National Society for the Protection of Children to co-ordinate and conduct an inquiry for them.

The team was set up two and half years ago to help protect children from organised sexual abuse. In the last year they have seen 104 children and conducted eight investigations, of which three ended in prosecutions and convictions: one man has fled abroad and has yet to be brought to trial, in another there was not enough evidence to charge and three are continuing.

The team comprises a manager, four social workers and administration staff. "Child protection agencies were mainly focusing on abuse in families," Maureen Carson, the team manager, said. "We were set up to do something different. We were concerned that people were not recognising the organised abuse of large numbers of children."

Each case involves careful

planning, in conjunction with social workers and the police. All relevant information is gathered, a strategy mapped out and interviews conducted with the children and their parents. The team also ensures that help and support is available to the families and sets up independent witness support for children required to give evidence in court.

The image of a paedophile as a man in a grubby raincoat is, one of the team says, simply not true. "They tend to be extremely well resourced," Ms Carson agreed. "They can identify vulnerable members of the community. They can be incredibly articulate, well respected, educated and leading a busy professional life. They work out what activities children are interested in and use them to engage their attention. They have used things like the Internet, video games, camping trips - anything children enjoy."

Children told the team how

they trusted Pastel when he took pictures of them because he was a "friend" of the family. He asked several children to take part in making videos, telling one girl he would pay her £150 if she did.

The investigation team has uncovered cases where paedophiles have worked by themselves, and where they have worked together. They have traced contacts abroad and networks in London. In Pastel's case children revealed that he was working with another man at the market, Jeremy Smith. At Smith's house the police found child pornography and evidence linking him to another man, Ralph Tall, who lived in Gibraltar. His home was also searched and more child pornography was found, some provided by Smith.

Even when children have indicated that they are being abused, getting them to talk can be a long and painful process. The NSPCC team and social

workers encourage them to speak about their experiences using fuzzy felt, small dolls and a jigsaw "body puzzle", and they provide them with therapy and counselling afterwards.

Social workers have to listen to tales where children have been encouraged to "recruit" friends or led on to abuse other children. "It is something that we all - and we are all social workers - find distressing, say when you hear about serious forms of abuse that you have not heard of before," Ms Carson said.

"Sometimes we meet young children who have been abused for a year or more. Then when they tell you their story, you find out that two or three more children are involved. What must it feel like for the parents to have to hear this? What if it is someone they've allowed to be alone with their child?"

She believes that the London Investigation Team's work is necessary to stop the repeated abuse of children. It is calculated that on average an abuser will have attempted or committed 238 offences before he is caught. "Our aim is to protect children and for that we need to get convictions. We need to stop paedophiles abusing other children. We need to stop children suffering," she said.

Even a successful investigation can leave the team feeling frustrated. Ian Pastel was eventually brought to trial after 30 children had been identified from photographs and interviewed. Last March he was sentenced to just 12 months in jail for an act of gross indecency.

All names and some details of cases have been changed.

Anyone concerned about a child's welfare can contact the NSPCC child protection helpline anytime free on 0800 800 500.

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## Union at Ford in row on racism

Barrie Clement  
Labour Editor

The row over recruitment procedures for Ford truck drivers reached a new intensity yesterday as a union was accused of "compromising with racism".

In his most outspoken remarks yet, Bill Morris, general secretary of the Transport and General Workers' Union, alleged that a rival TUC-affiliate was "more compliant" on issues of racial discrimination.

Mr Morris will urge in TUC-sponsored talks that the United Road Transport Union (Urtu) should withdraw its offer of membership to the T&G drivers who are trying to preserve a selection system which allegedly discriminates against black people.

A spokesman for Urtu said yesterday: "Everything the T&G says about the issue is a pack of unsubstantiated lies." He said there was no evidence to support the assertions of the transport workers' union. Urtu had a long record of opposing discrimination.

At the behest of the T&G leader, the TUC general secretary, John Monks, is holding meetings with representatives from both unions in an attempt to resolve the dispute. Mr Morris will also meet Ford managers to try to persuade the company to change the procedures.

The 300 drivers, based in Dagenham, Essex, have sought to leave the T&G following its fight to change the recruitment system. The transport workers' union is backing seven black members at industrial tribunals in January. The seven allege that the selection procedures are inherently racist. While between 40 and 45 per cent of production workers at Dagenham are of ethnic minority origin, only 2 per cent of the drivers are black.

Truck fleet supervisors test the aptitude of applicants for the much-sought after £30,000-a-year jobs with minimal input from senior management. It is alleged that the jobs are often passed down from father to son.

The lorry drivers deliver parts throughout western Europe and because stocks are kept low a strike by truck fleet personnel would bring most Ford factories to a halt within days.



Family friends' can betray trust. The picture was posed by a model. Photograph: NSPCC

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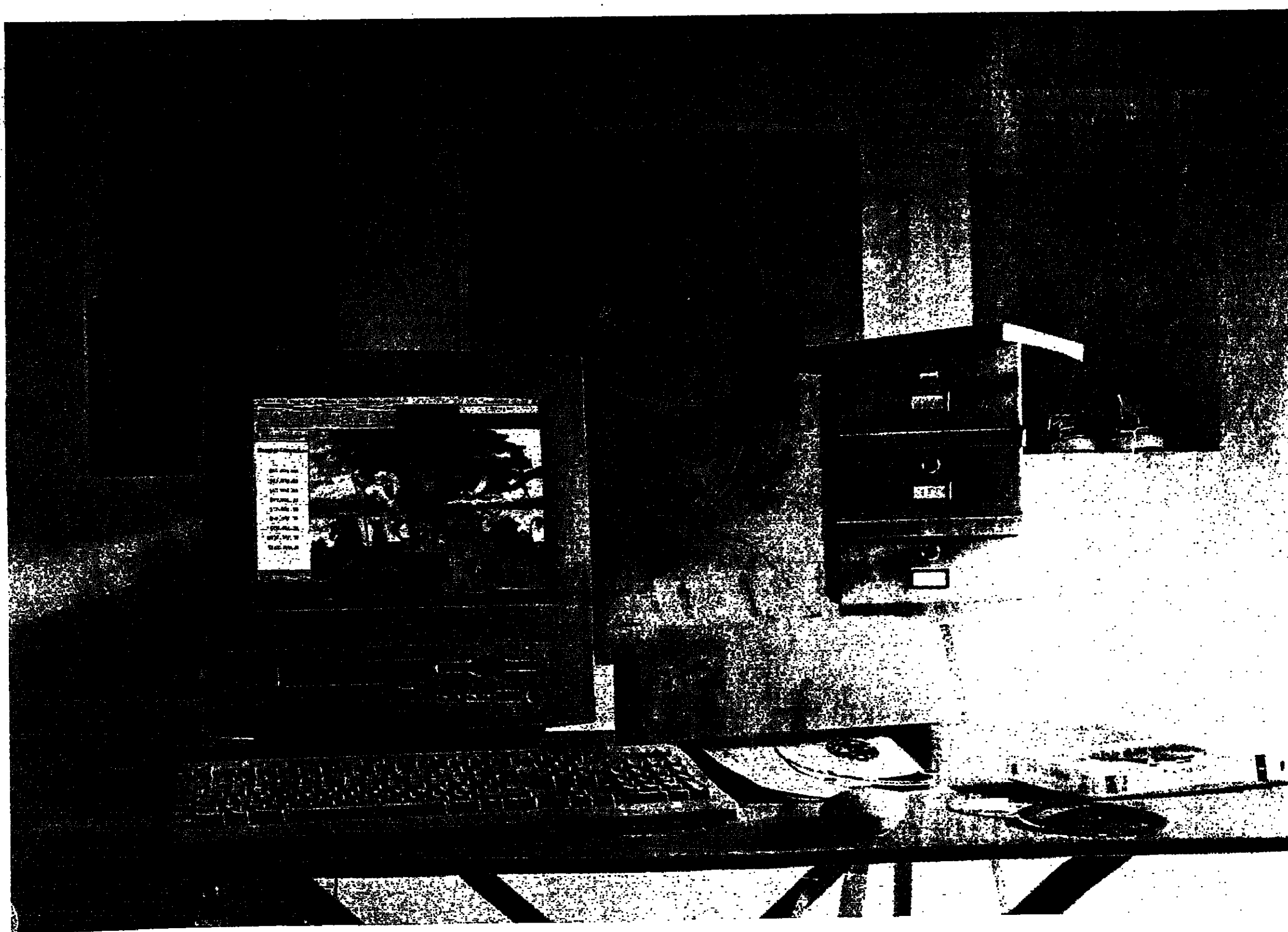
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# Passport fiasco stirs fear in HK

Stephen Vines  
Hong Kong

The British passport scheme, which was designed to provide reassurance to Hong Kong's key people, is turning into a nightmare of uncertainty following conflicting statements from the Foreign Office.

The brewing crisis of confidence led the Governor, Chris Patten, to convene a special session of the legislature yesterday to try and calm fears.

Furiously backpedalling to reinject confidence in the scheme, Mr Patten told legislators that "the British government takes seriously its responsibility to all British nationals in Hong Kong, irrespective of how their British nationality was obtained and of whether they hold British nationality".

On Tuesday, Francis Cornish, the senior British diplomat in the colony, suggested that as the Chinese government regarded holders of British passports, granted under the scheme, as Chinese nationals, Britain would not be able to furnish consular protection.

The immediate furor generated by his remarks led the Hong Kong government to seek prompt action by the Foreign Office to give a public assurance that all holders of British passports would be given equal treatment.

Mr Patten went further yesterday, claiming that "Britain will not sit idly by if British Nationals are in trouble". He reiterated the Foreign Office assurance that it was "for the British government, and the British government alone, to determine whether or not an individual holds British nationality".

While he was speaking in Hong Kong, the Chinese foreign ministry spokesman in Peking was insisting that China did not recognise the British nationality

scheme and that, as far as Peking was concerned, those holding passports gained through the scheme would be treated as Chinese nationals.

This pointed statement made Mr Patten's task more difficult and he received a sceptical hearing from the legislators, some of whom accused Britain of issuing "second-class passports" to Hong Kong people.

Local media coverage of the fiasco has been near universally hostile, with most newspapers regarding Britain's response to uncertainty over the status of its passports as another indication of British duplicity.

The British Nationality Selection Scheme, devised in the aftermath of the 1989 Tiananmen Square massacre, was supposed to be a way of anchoring key jobholders in the colony by offering them the right to British citizenship as a sort of insurance policy if things became intolerable after the Chinese takeover.

The scheme was devised for 50,000 heads of household and their families. As a result, some 135,000 people have become eligible for British passports. Their names are supposed to be a closely guarded secret, so that such passport holders will not face reprisals by China.

However, there are fears that serious leaks have occurred. While the row over consular protection is under way, legislators are investigating the circumstances surrounding the sudden departure of Lawrence Leung, the head of the Immigration Department. There have been suggestions that this is linked to leaks of information to China.

The passport scheme, Hong Kong people were led to believe, would in the last resort allow them to escape the clutches of a repressive Chinese regime. That understanding is now very much in doubt.

## Revealed: Chinese album of beauty and cruelty never before seen in the West



Three ages of China: Qing Cheng Yanqui (above), a famous performer at the Chinese opera during the 1920s and 1930s. The opera remained popular after the revolution, which erupted in 1911 and swept away the extreme poverty peasants endured in cities like Shanghai, (right). By the 1950s, after civil war and partition, China had embraced Communism under Mao Zedong and projected youth as the nation's driving force (top right). Photographs: Auguste Francois/The Chinese Century; (Endeavour Group UK)

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THE LAST  
OAKS OF  
BRITAIN?

For centuries, the oak has been held to symbolise our supposed national virtues. Now it's under threat, from red tape and foreign competition. Thomas Pakenham laments

The Costume Institute Ball (right) is the social highlight of the US fashion year. It's also focus of some ferocious social rivalries. Liesl Schillinger reports

Plus: Blake Morrison on RS Thomas, Ken Loach's Liverpool, Michael Bateman's Christmas secrets, and Helen Fielding's tackiest night out

and in real life

Choirboys v Tenors: the battle for the other Christmas number one; what your Christmas decorations really say about you; up all night in the city that never sleeps; and the Critics



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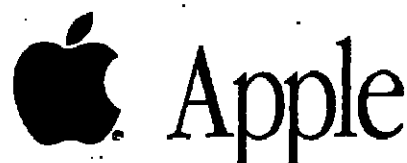
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## international

## Britain gets tough on Bosnian war crimes... and sends one detective

Christopher Bellamy  
Defence Correspondent  
Steve Crawshaw

Its leaders had boasted that they would take tough action to crack down on the war criminals in former Yugoslavia. And yesterday the West showed what it meant by getting serious.

In Britain's case, one extra detective will be sent to join the International War Crimes Tribunal in The Hague. That was the deal agreed at the international conference on Bosnia which ended in London yesterday.

Britain will also send up to 30 police officers to join the International Police Task Force (IPTF) in Bosnia itself, but their role is only to investigate war crimes and other abuses committed by local police.

The Foreign Secretary, Malcolm Rifkind, described the two-day conference as "successful", stressing that in the year since the last London conference, no one in Bosnia had been killed as a direct result of hostilities. But even he admitted there were still areas where there had been "a depressing lack of progress".

In past years, British official assessments have been notable for their casual optimism: at the time of a dead-end London conference on Yugoslavia in 1992, British officials proclaimed a "diplomatic triumph" because, allegedly, Slobodan Milosevic, the Serbian President, and the Bosnian Serbs

found themselves under such international pressure. In reality, the Bosnian war was only beginning.

Speaking beside Carl Bildt, the High Representative responsible for the helping to rebuild the Bosnian economy and putting a Western-style democracy in place, Mr Rifkind stressed practical measures to "kick start" the transformation of Bosnia. To ensure they happen, the 41-page document issued yesterday afternoon is replete with "conditionalities" - denying aid to what are now known as the "authorities" in Bosnia, rather than the "former warring factions" - unless they fulfil the undertakings they have made.

This represented a significant

change from the position over the last year when it was almost automatically assumed that the international community would provide support and funds to rebuild Bosnia after three-and-a-half years of being torn apart. Baroness Chalker, Minister for Overseas Development, said \$1.9bn (£1.2bn) had been pledged, of which \$350m had been spent, but further funds will be conditional on increased local co-operation. She insisted, however, that "conditionality is not blackmail".

The events in neighbouring Serbia were not on the conference agenda but both Mr Rifkind and Mr Bildt said they were very concerned and had let it be known to the For-

eign Minister of Yugoslavia (Serbia and Montenegro), Milan Milutinovic, that they wanted a halt to the repression of opposition parties and the media. Mr Milutinovic had told Mr Bildt that the independent radio station B92, recently closed down, would soon be back on the air. "That is good but we need to see it, or should I say hear it before we believe it," Mr Bildt said.

The conference agreed to increase pressure on the authorities in Bosnia and Herzegovina and other neighbouring states to co-operate fully with the war crimes tribunal in the Hague and to provide "additional resources to enhance information sharing and increase information gathering".

The final report continued: "The provision of economic reconstruction assistance is closely linked to co-operation in this area. The authorities in Bosnia and Herzegovina are reminded that their obligations under international law take precedence over any provisions in their local or national legislation."

Mr Rifkind said he would be "very dissatisfied" if Ratko Mladic and Radovan Karadzic were not brought to justice in the next year.

Until now, Western governments have shown little inclination to lay hands on the war criminals, despite the best efforts of the war crimes tribunal in the Hague. But Mr Bildt insisted that the peace implementation force, I-For, which becomes the stabilising force S-For on 20 December, could arrest indicted war criminals in future.

Senior Nato officers said yesterday that if the tribunal or the local authorities let them know what they wanted in detail, they would help. However, as one officer said, "soldiers are not good policemen".

All parties agreed to re-establish an integrated telephone system. It is currently impossible to call Pale in the Serb half of Bosnia from Sarajevo in the Muslim-Croat area. They also agreed a single system of car number plates. At present all three former warring factions have distinctive plates, which identifies a vehicle's origin and inhibits freedom of movement. There is to be integrated air space and a Bosnia-wide system of buses and railways.

## A president and two wanted men



Rogues' gallery: Slobodan Milosevic, Ratko Mladic and Radovan Karadzic. Malcolm Rifkind said he would be dissatisfied if the latter two were not brought to justice in the next year

## Serbs roar for velvet revolution

Tony Barber  
Belgrade

Roars of "Vuk, vuk, vuk" boomed around central Belgrade as Vuk Draskovic, his long black hair and beard flecked with snow, moved forward to address the 60,000 demonstrators. "Can we do it like the Czechs?" he asked, referring to the peaceful overthrow of Communism in Prague in 1989. "Yes!" they cried. "Shall we?" he demanded. "We shall!" came back the thunderous response.

Denouncing President Slobodan Milosevic as "lo-poglavnik" (the chief robber), he burst into a passage of passionate, flowing oratory. "That master of judicial terrorism, that head of thievery of electoral will of the people, is for us no longer president, he is the chief robber, the master of thieves."

Mr Draskovic's Messiah-like features make him easily the most identifiable of the three intellectuals who have orchestrated 18 days of protests in Belgrade, the biggest challenge to Mr Milosevic in his nine years of nationalist, neo-communist rule. The authorities yesterday made some minor concessions, promising extra cash for students, payment of delayed pensions and cheaper electricity.

Mr Draskovic, leader of the Serbian Renewal Movement, was once a staunch Serbian nationalist, advocating the unity of all Serbs in former Yugoslavia with a fierce conviction which paralleled that of Mr Milosevic. A lawyer and novelist, he swears now that he would adhere to European standards of democracy and, if in power, would

support the Dayton peace settlement for Bosnia - a vital issue for Western governments.

Mr Draskovic was a central figure in the protests in 1991 which Mr Milosevic crushed with tanks. He has suffered imprisonment. Yet he insists that the campaign must remain peaceful: "We want to defeat him with truth, his hatred with love and his bombs with eggs."

The second opposition leader is Zoran Djindjic, head of the Democratic Party, who shares a Serbian nationalist background with Mr Draskovic, but otherwise could not be more different with his short, grey hair and plain suits. A philosopher by training, his speeches lack the lashing, crowd-stirring rhetoric of Mr Draskovic. He has tried to organise trade union protests in support of the opposition.

The third leader, Vesna Pesic, who is chairman of the Civic Alliance of Serbia, is a sociologist and describes herself as "a necessary intermediary between the two men who surround me". She was the most explicit of the trio in opposing the 1991-95 wars in former Yugoslavia, which she says enabled Mr Milosevic to deflect demands for democracy by creating "national confusion".

All three leaders are members of the Serbian parliament, but their coalition movement, Zajedno (Together), would almost certainly fall apart if they ousted Mr Milosevic. However, the more immediate question is whether the opposition has the strength and acumen to bring down the still powerful "chief robber".

## Gay marriages set to go Dutch

The Hague (AP) - In a significant step towards recognising gay marriages, the Dutch government plans to give same-sex couples almost identical rights to married people, a spokeswoman said yesterday. A proposed new law will allow homosexual couples to register their relationship with their local municipality in a legally binding process, the justice ministry said. The only major difference is that the registered same-sex couples will not be allowed to adopt children, as the arrangement is still being referred to as a "registration" and not a marriage.

A justice spokesman insisted that "there is not very much difference" between the proposed system and a traditional marriage, and said the government is looking into recognition of same-sex marriages.

The proposal has broad backing in parliament and is expected to become law in January 1998. But a prominent gay organisation says it will not

stop campaigning until they gain the right to adoption. "So what you should do if you want to adopt a child is lie about your relationship. It is ridiculous," Sjoerd Beumer, of the Dutch Federation for the Integration of Homosexuality, said.

Registration will, however, give the couple the same pension, social security and inheritance rights as a married couple and it will enforce alimony payments if a couple splits. Many gay couples already sign "partnership contracts" which include similar rights to those in the government's proposal, but those contracts do not carry the weight of law.

On Tuesday, a judge in Honolulu ordered Hawaii to begin issuing gay couples with marriage licences - the first such ruling by a judge in the United States. However, President Bill Clinton has signed a law that says the federal government will not recognise gay marriages, and which allows states to refuse to recognise such unions.

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**Lighting the way:** Coal miners from all over Germany carry torchlights as they line up along a main street in Bonn's government quarter yesterday, to protest against cuts in subsidies for the coal-mining industry. Photograph: Reuters

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# Why oh why can't politicians get their facts right?

**T**he danger is that more and more students are going to be educated for longer and longer at greater public expense to know less and less." Discuss.

Chris Woodhead, the chief schools inspector, provided us yesterday with a text for the educational angst of our time. It pungently expresses the view of the "Why oh why" brigade, the clamour of Middle England which is a whine against national decline. Why oh why can't graduates spell these days? Why do so many young people destroy their chance of work experience by addressing their request to *The Independent*?

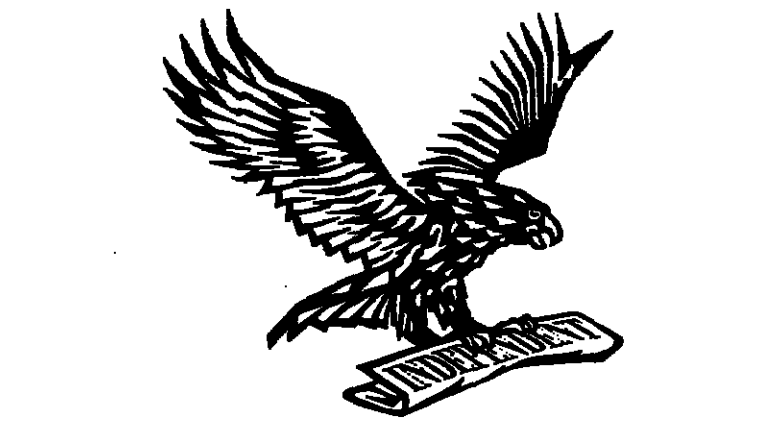
It was worrying that Mr Woodhead, a public servant, seemed to be speaking yesterday for the right-wing ideologues who have laid siege to the educational establishment. But the important question is whether he is right. Although he did not quite say so in so many words, it sounded as if he were saying that A-level students "know less and less".

The trouble is that the principal finding of yesterday's report, commissioned in response to the persistent Middle-English complaint that A-levels are getting easier, is that we don't know. The reason we don't know is because hardly any of the candidates' scripts have been kept over the past 20 years. (The exception to this is maths, where an authoritative study by the London Mathematical Society last year found that maths A-levels had become easier, and that

standards required for algebra and reasoning had dropped. (However, as maths has always been harder to pass than other A-levels, this could be defended as a much-needed adjustment.) So Gillian Shephard, the Secretary of State for Education and Employment, has promised to set up an archive to preserve the nation's youthful outpourings, on one side of the paper only.

This carelessness of record-keeping means we are destined not to escape the dreadful familiarity and circularity of the annual argument over falling standards every time results are published. And it means that Mrs Shephard is allowed to bamboozle people by declaring that she wants to return to "traditional" A-levels, with more stress on grammar and mental arithmetic rather than calculators in GCSEs, using the words "rigour" and "gold standard" as often as possible. These are rhetorical devices being bandied about in an evidence-free zone.

So let us start with those parts of Mr Woodhead's statement on the BBC's *Today* programme for which there is evidence. More and more students are being educated for longer and longer. But he is wrong to suggest that this is being achieved at greater public expense. Spending per student has fallen. It is a tribute to the efficiency of our education system that it has been able to absorb such an expansion in numbers, both of the 16-18 age group and of over-18s, on such limited resources.



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However, much is wrong with the education system, especially in England and Wales rather than Scotland and Northern Ireland, and much in particular is wrong with A-levels. As David Blunkett reminded us yesterday, the Prime Minister himself declared three years ago that the top 15 per cent of young people in Britain were equal to their peers anywhere in the world, but admitted that the remaining 85 per cent "frankly are not". Highly-competitive and specialised A-levels serve this top academic group well, but that is anyway not our real problem. The difficulty is how to broaden the base of the system so that it serves the not-quite-brilliant equally well.

Here Mrs Shephard's rhetoric is found wanting. Merely urging examiners to "take into account" use of grammar and mental arithmetic does not address the problem of over-specialisation and narrow academic focus. Nor is the government's other stock answer, which is the AS-level, the so-called "half" A-level, so far promoted unsuccessfully.

Mr Blunkett is more persuasive, seeking to ensure that all 18-year-olds, apart from those with special needs, achieve the equivalent of five A, B or C passes at GCSE. This compares with the

two-thirds reaching this level now. Using this standard as a platform, Mr Blunkett proposes an Advanced Diploma awarded to 18-year-olds passing a balanced package including three A-levels and an AS-level or vocational qualification, which would ensure that all arts students were numerate and all scientists literate. This would resemble the German Abitur (though not as broadly based), which is probably a better model than the French baccalaureate, and is a reasonable way of broadening A-levels while being sensitive to popular anxieties about diluting them.

These are the kinds of questions which should dominate the national debate on education, rather than side arguments about whether people should be allowed to use calculators. Instead, yesterday's report continued, by its very inconclusiveness, to allow the debate to drift aimlessly back into the obsession with declining A-level standards.

If there is evidence of schools "trading down" to "easier" exam boards, then Mrs Shephard—who has already said she "would not shrink from" cutting the number of exam boards—should set up a single national exam board. Yesterday's report suggested that there was some such evidence, contradicting another report from Newcastle University last year, which found that standards were comparable across boards. Has Mrs Shephard promised to nationalise exam boards? She has not.

Other countries are not like ours. The assumption that high-level education has to be rationed is an English disease. In 1950, only 5 per cent of French children took the baccalaureate. Now, 50 per cent do. In France, more and more children are expected to achieve this standard every year. In Germany and the Far East the assumptions are the same. The terms of the debate in this country have been changing for the better over the past 10 years. Mrs Shephard would be wrong to start turning her party's own clock back.

## Never mind the quality...

**S**o, jockeys paid a retainer perform less well than those who get to share in the proceeds of winning the race. Shake the biscuit tin, and Pavlov's dogs wag their tails. It might work with jockeys, and dogs, but performance pay has signally failed elsewhere. Do we pay a director more for clever long-term investment, or kicking up the share price by asset-stripping? Should we pay a faster surgeon more, or a lorry driver? Quality of output should matter as much as quantity—not a distinction for which jockeys (or dogs) are particularly famous.

## LETTERS TO THE EDITOR

### Lawbreaking by police to be legalised

Sir: Patricia Wynn Davies commented on the bugging provisions of the Police Bill and reported that Liberty had obtained a legal opinion that those provisions violated the right to privacy contained in the European Convention on Human Rights ("State licence to bug and burgle", 3 December).

Jack Straw has argued that the police have been acting for many years as if they already had these powers. This illegality by the police has recently been exposed by two cases that Liberty has been involved with, one of which is pending with the European Commission of Human Rights.

Parliamentary acceptance of the use of listening devices in absence of any real controls will make the situation worse. However much we may admire chief officers of police for their integrity and independence, trusting the police to police themselves is not an adequate safeguard. The placing of listening devices by the police in the past did break the law: that is why they need this legislation. Who was it that authorised police officers to do this under the bad old scheme? Why, chief officers of police of course!

It has been argued that the new provisions allow for supervision by a judge. However, complaints will be rare because we will never be told we are being listened to. My client whose case is pending in Strasbourg only found out he was under surveillance when he moved his furniture to find the police had drilled a hole through the wall to insert the bug.

The Police Bill is of great constitutional significance. The Government and the Labour Party have failed to recognise this, presumably because they believe that being tough on crime requires them also to be tough on constitutional and human rights. Those innocent of any crime will be subject to its powers either because without independent controls the police will get sloppy or because the police, who have a history of gathering "intelligence" on those who have different lifestyles, political opinions or skin colours from the majority, need only ask their own boss for permission.

JOHN WADHAM  
Director  
Liberty  
London SE1

Sir: Now, had Nixon had a Part III of the Police Bill  
PETER B J EVELEIGH  
Bristol

### Lib Dems fear Labour embrace

Sir: In your report (23 November) of "unrest" about the idea of a Liberal Democrat coalition with Labour, you quoted one source as saying: "Mr Ashdown will tell the dissidents that the party endorsed his strategy... at its party conference in 1995... We understand their concern but they are a small minority of people who are isolated."

I have little knowledge of Liberal Democrat feeling other than in the North-west region, of which I have the honour to be president, but in this region, opposition to a formal coalition with Labour is very strong indeed.



JUVENILES HABITUALLY BUYING SCRATCHCARDS ARE OFTEN THOSE INVOLVED WITH ALCOHOL, TOBACCO, DRUGS + FRUIT MACHINES

There is deep concern about joint working parties, but most of us are prepared to tolerate that provided it in no way compromises our independence as a party, even on those issues being discussed—but anything more than that, such as cabinet seats and propping up a Labour government, would be bitterly resented. It would be a gross betrayal of our party and its independence, and any Liberal Democrat MP or peer taking such a seat would be betraying his or her heritage.

Such a move would split our party, with scores and scores of our members, of whom I would be but one, failing to renew their membership. It would do irreparable damage.

That is why so many of my friends believe we should renounce that step now. If we do not, it will cost us parliamentary seats in the 1997 election as similar suggestions did in 1992.

I will always refuse to name names, but I know of at least four of our MPs opposed to a formal coalition. I know of at least five of our peers, and many of our prospective parliamentary candidates.

The only possible excuse would be a guarantee of proportional representation (not the alternative vote) in the first 12-month session—and that's like our chance of winning the Lottery.

Talking is acceptable. Coalition is suicide, merely to satisfy three or four egos, and we are most definitely not a "small minority".

Sir CYRIL SMITH  
Rochdale  
Greater Manchester  
The writer was Liberal Democrat MP for Rochdale until 1993

### Wrong questions over Europe

Sir: Andrew Marr is quite right that "We're having the wrong arguments" (4 December). One of these is the fantasy argument of Sir James Goldsmith's referendum question, which assumes that we can stay in the single market without any common regulatory institutions. Dismantling economic protection, like dismantling military protection, entails a very real confidence that one's partners are willing to compete on equal terms.

Sir James Goldsmith's illusion is shared by the Prime Minister. In his opposition to the Working Hours Directive he has claimed we should not adopt it because we derive a competitive advantage from not doing so. If he is right in this claim, he is entitled as ruler of a sovereign state not to adopt it. What he is not entitled to do is to claim any right to trade in the single market at the same time.

Earl RUSSELL  
Liberal Democrat Social Security Spokesman  
House of Lords  
London SW1

Sir: It would not be a bad idea for anybody, not just Britain, to be outside a "highly regulated, centralised, undemocratic and unstable Germanic superstate"—and that goes for the Federal Republic of Germany as well.

Andrew Marr's stab at demonology à la Ridley is not

worthy of his otherwise lucid observations ("We're having the wrong arguments", 4 December). The Federal Republic's democratic institutions would not be a bad blueprint for any political entity irrespective of its geographic origin or construction.

JOACHIM TANGEMANN  
Englefield Green, Surrey

### Best deal for junior doctors

Sir: Dr S A Wajed (letter, 3 December) confuses the limits of hours of duty with hours actually worked. The New Deal sets a maximum of 72 hours of duty per week. The 56-hour limit applies to the actual hours of "on your feet" work.

He states that the views of the Junior Doctors Committee are not shared by the majority of junior doctors. That is not borne out by the increased numbers of juniors who have become members of the British Medical Association since the New Deal was agreed (69 per cent of all juniors in 1992, rising to 82 per cent this year).

We would accept that in some hospitals the workload while on-call has increased as a consequence of changing work practices and we have been able to negotiate an agreement with the Department of Health that allows doctors working on-call to be transferred to flexible shift patterns with higher rates of overtime pay.

It is absolutely incorrect that the

reduction in hours has resulted in reduction of pay. Juniors used to receive 30-38 per cent of their basic salary for overtime hours. This has now increased to between 50 and 100 per cent of basic salary as an integral part of the New Deal which would not have been achieved without the reduction in hours. Consequently, juniors received the biggest real increase in pay since 1973.

The New Deal replaced arduous and inhumane working conditions with juniors working upwards of 90 hours per week. To go back to such appalling arrangements would be to the detriment of all juniors' health, training and family life, to say nothing of the more important issue of patient safety.

Dr PETER BENNIE  
Chairperson  
Junior Doctors Committee  
British Medical Association  
London WC1

### Sue them all

Sir: As a fervent advocate of accountability, I applaud the acumen and initiative of the two teenagers pursuing damages from the school that allegedly failed to provide them with their full quota of GCSEs (report, 2 December).

In the interests of equity, I trust that pupils who approach their academic studies with undue levity and parents who deliver fractious offspring into my jurisdiction should also be subject to sizeable financial penalties; such reprobates might cause my school to be

relegated in the Examination League and dent my career prospects.  
LORRAINE CUMING  
Head of Sixth Form  
The Miskerton School  
Great Macclesfield,  
Buckinghamshire

Sir: If the courts decide that the two pupils suing their former school for their examination failure (report, 2 December) have no case, may we assume that they will then sue their solicitor for his failure to win the case?

N COLLINS  
London W6

### Face value

Sir: The erudite response of R N Robinson (letter, 30 November), challenges me to relate the two units of beauty, the millihenry (mH), and the parthenon (P).

Presumably the millihenry has units of (ships)<sup>1</sup>, while the parthenon is presumably dimensionless. We can assume, I think, that Athena would not have allowed her temple to be equated with the beauty of a mere mortal, and would have reduced the value of the Helen by the factor pi (π) perhaps.

So I humbly offer the Elgin Constant, E, (or perhaps the Mercury Constant, to please our friends in Athens) as the connecting factor.

We would then find that  $E \times \pi \times 10^3 \text{ mH} = P$ . E would have the value of 1, and units of (ships). The parthenon would then equal 3,142 millihenries. Will this suffice?  
IAN C DODSWORTH  
Oxford

### Widowers face hardship too

Sir: I was interested to learn ("Why I should give my widow's pension back", 4 December) that Polly Roynbee was entitled to a widowed mother's allowance of £123 a week. I, as a widower father with two daughters to bring up, am entitled to no such allowance.

When my wife died our net income was reduced by over £300 per week and the allowance would have helped make up the deficit. Fortunately, like Ms Roynbee, I am gainfully employed and so do not have to depend on any such allowance and would be more than happy to see such resources directed to help those in real need.

However, those in real need include many men in my situation who are less well paid or, like many widows, have chosen to stay at home to look after their children. Such men provide another example of the many ways in which our society has changed since such benefits were introduced. It is an inequality that appears to have been overlooked by everyone.

Until there is equality of entitlement, we widowers will never have the option to accept or reject such a generous allowance. It would have been greatly appreciated if so eloquent and influential a widowed mother could have put in a good word for us as well.

Dr PETER DOYLE  
Guildford,  
Surrey

### How to prevent food disasters

Sir: You rightly draw attention in your leading article of 4 December to the apparent conflicting responsibilities of the Ministry of Agriculture, Fisheries and Food (MAFF) to both food producers and consumers. The view has been expressed that the conflict of interest contributed to the current BSE situation.

This is made worse by the fact that the responsibilities for food safety fall to nine government ministries. In addition to MAFF, the Department of Health, the Scottish, Welsh and Northern Ireland Offices, the Home Office, the Department of Trade and Industry, the Foreign Office and the Department of the Environment all have involvement in aspects of food production and food safety. In the circumstances it is hardly surprising that we have been facing a catalogue of food safety disasters.

The Chartered Institute of Environmental Health is one of a number of bodies calling for an independent Food Agency, which could be responsible for strategic direction and for disseminating clear and accurate messages to the public.

MICHAEL COOKE  
Chief Executive  
Chartered Institute of Environmental Health  
London SE1

### Feverish

Sir: I am not acquainted with the use of thermometers in all countries ("Diane Abbott is sorry", 29 November; letter, 2 December). However I do recall anguished Italian faces as I plopped the appliance in mouth rather than under armpit, their preference.

GEOFF YATES  
Kingston upon Thames  
Middlesex

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Fax: 0171-293 2056; e-mail: letters@independent.co.uk.

E-mail correspondents are asked to give a postal address. Letters may be edited for length and clarity.

## essay

For Bernard Arnault, quality comes before cost. That's why he's ready to pay over £100m for a small French vineyard. By Nicholas Faith

# The label is everything

More than £120m is a hefty price to pay for a small farm, but that's the value Bernard Arnault, one of France's most astute businessmen, has placed on Château d'Yquem.

Of course, Yquem, complete with fairy-tale chateau perched atop a sea of vines, is no ordinary estate. Its 260 acres of vines in Sauternes, 20 miles south of Bordeaux, produce the best, and most expensive, sweet white wine in the world. Indeed, in the famous 1855 classification of the wines of Bordeaux, only Yquem was deemed worthy of the accolade of *Premier Cru Supérieur*; other Sauternes, and even the greatest clarets such as Chateau Lafite, had to be content with being called *Premiers Crus*.

Unfortunately for the owners, this nectar comes only in minute quantities. Whereas every vine producing black grapes yields a bottle of fine red wine, those at Yquem grant a mere glass. Moreover, in some years, most recently 1992, no wine at all worthy of the great name is produced and in many other years, less than half the wine produced is deemed worthy of the name.

This is because of the extraordinary nature of the whole process. The concentrated quality of the wine comes from a natural phenomenon called botrytisation, in which the

grapes, attacked by a tiny fungus, shrivel into unappetising-looking raisins which have to be gathered one by one during a harvesting season that can last well into December.

It's hardly surprising, then, that a bottle of the 1990 vintage, the last to be released, is worth more than £100 on the Bordeaux market.

But the purchase of a majority stake in Yquem by M. Arnault's group, the clumsily named LVMH (it stands for Louis Vuitton-Moët Hennessy) is not just a nine-day wonder. It is a startling example of how profoundly French habits differ from those prevailing on this side of the Channel. Sadly, it is part of a trend in which the greatest names in Bordeaux are now increasingly in the hands of financial institutions or groups such as LVMH.

In most cases, the newcomers have the funds to produce better wine than the previous owners – although Yquem has been brilliantly run by Comte Alexandre de Lur-Saluces since 1968.

The reason for the sale of Yquem, as of many other estates, is the *démolition*, dating like so much else in France, from the days of Napoleon I. This decrees that a parent has to divide the family property more or less equally among all his or her offspring. This ensures that after a few generations, shares in an estate like

Yquem are held by large numbers of distant relatives, many of whom will be far more interested in ready cash than in the exiguous dividends – including a few cases of the wine which they got as their share of the botrytised spoils.

This problem has been exacerbated by the vast increase in the value of estates such as Yquem. When M. de Lur-Saluces took over the management of the estate in 1968, it was worth less than a tenth of today's price. Despite his success, it seems likely that he will be one of the first victims of the transaction.

This is not the only way in which the sale marks a sad day for Bordeaux and has naturally aroused a considerable storm of protest.

Yquem has been in the hands of a single family for more than 400 years – far longer than any other estate in France. It was leased from the French crown in 1593 – having first been taken from King Henry VI in 1453 – by a M. Jacques de Sauvage.

In 1785, his direct descendant François-Joseph de Sauvage d'Yquem married a M. de Lur-Saluces. He died three years later, but his widow fought against all the odds and managed to hold on to the estate during the upheavals of the French revolution.

Since then, successive generations of Lur-Saluces have run the estate on behalf of an

increasing number of family shareholders who, led by M. de Lur-Saluces's elder brother, have finally decided to cash in their profit.

The positive – and equally distinctively Gallic – side of the

deal lies in Bernard Arnault's reasoning. The name of the group he has built up with astonishingly deft financial footwork over the past 10 years gives only a hint of the brands it covers.

They include many of the great names of Champagne, including Moët & Chandon, Veuve Clicquot and Pommery (the latter snatched from a British bidder at the last minute in a successful attempt to ensure

that such a proud old name remained in French hands). In Cognac, he controls Hine and Hennessy, the biggest name in the business, and Louis Vuitton is the most famous name in the glitzy luggage business. M

Arnault has steadily increased his presence in the perfume and fashion world which includes Christian Dior, as well as backing Christian Lacroix in his rise to fame and fortune.

Like Yquem, all these businesses have one common feature. They are synonymous with luxury the world over, and M. Arnault makes no secret of his belief that such names represent a guarantee of long-term profit. If the glamour inherent in the name, and the monopoly power it represents, is properly exploited.

This policy involves not only policing the brand to ensure that its value is not dragged down by using it for inferior or down-market products. It also means consistent long-term spending to improve the products, and to add and promote "brand extensions" which can range as far as the sleek Barbour-type jackets sold under Dior, a name once only associated with perfume and haute couture.

Such an approach is necessarily long-term, for it can take a decade to turn a new idea or a new brand into a profitable item on the balance sheet.

This is where the story of M. Arnault and Chateau Yquem take on relevance for the British economy. For British quoted companies, in contrast to those in France, are inevitably dominated by the need to show the City that earnings are rising every three months. Hence the fact that only a handful of companies – including some in the drinks business – are capable of nurturing brands old and new and thus creating a capital asset. They are difficult to value, but worth more in the long run than the bricks and mortar beloved of the accountants who dominate British business. Hence, I fear, the absence of a British Arnault and a growing gap in the commercial armory of British business.

Nicholas Faith is editorial director of the French magazine *L'Amateur de Bordeaux*.

Anthony Rose



## Vins extraordinaires

What's in a name? In the case of Rolls-Royce, Yves Saint Laurent, Fabergé, the Ritz, Concorde, the name says it all: exclusivity, luxury and snob value. A similar unpalatable irony permeates Yquem and the world of wine. As Edmund Penning-Rowell, author of *The Wines of Bordeaux*, likes to point out, "the best wines get poured down the wrong throats". The blue chip names may be familiar, but the closest most of us ever get to more than gawp at fancy labels is in our dreams.

The fanciest of French labels dwell in Bordeaux, where the prestige of the five First Growths is immutable. Since the 1855 Bordeaux classification elevated Chateau Haut-Brion, Lafite, Latour and Margaux to the head of the list, the addition

in 1973 of Mouton-Rothschild has transformed the fab four into the famous five. Reclassified alphabetically since 1973 to spare sensitive owners' feelings, each battles for top place every vintage. Haut-Brion is widely regarded as top in 1989 for instance, Latour in 1990.

The classification conveniently omits the famous five's rivals from the right bank of the Dordogne, but Chateau Cheval Blanc and Ausone in St-Emilion command as much respect as Lafite or Latour and prices to match. Chateau Petrus, the rare Pomerol property, is the rare expensive of the lot. Even Petrus has been eclipsed this year by a new Pomerol phenomenon: Chateau Le Pin. Gold dust comes cheaper than the 1982 vintage of Le Pin, which sold at Christie's New York this year to

a Far Eastern buyer for £28,000 a case – or £400 a glass.

The Domaine de la Romanée-Conti, or DRC, is the most prestigious estate in Burgundy with Romanée-Conti itself the most highly prized of its six wines. The DRC's redoubtable part-owner, Madame Lalou Bize-Leroy, lost control of the estate in a power struggle in 1992; her Richebourg now attains higher prices than all the DRC wines except for Romanée-Conti.

The Rhône valley's Hermitage rivalled Bordeaux in the last century for prestige, but star status has only returned recently to the Rhône thanks largely to the praise heaped on its wines by the American critic, Robert Parker. Great older vintages of Paul Jaboulet's Hermitage La Chapelle are now highly prized,

but the sky's the limit virtually on day one of release for Marcel Guigal's three top Côte-Rôties, La Mouline, La Landonne and La Turque.

The glamour of champagne makes it the ultimate status symbol. According to Paul Bowker of Christie's, the scarcity value of Krug Clos de Mesnil and Bollinger Vieilles Vignes Françaises gives these two rare champagnes the edge on price. But Moët et Chandon's Dom Pérignon is the most obvious fashion statement in de luxe champagne. If DRC, as its Hollywood admirers call it, is consumed for its power to win friends and influence, Krug is the purring Mercedes of champagnes. Roederer Cristal the elegantly crafted Lalique.

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## Queen Darlene comes clean



Miles Kington

Yesterday, we brought you an extract from the sensational trial currently taking place in the High Court, in which Mr and Mrs Norbert are suing the Tory party for 15 years of misrule on the grounds that Mr Norbert has never had a job during that time and Mrs Norbert has been awaiting an operation since 1985. Counsel for the Norberts has called the Queen as a surprise witness, on the grounds that as it is Her Majesty's Government being called into question, she should be allowed to defend it. We join

the case as Her Majesty takes the witness stand.

Judge: May I say what a pleasure it is to have you in one of our humble courts? I don't suppose your Majesty remembers, but we met briefly during a Buckingham Palace garden party several years ago...

Queen: It is quite possible. One meets so many people. Judge: Yes, I'm sure. Perhaps you remember my saying how good the begonias were this year...

Counsel: M'lud? Judge: What? Counsel: May I continue? Judge: Oh, yes. Your witness, I think.

Counsel: Now, your Majesty, you are, I think, Elizabeth Windsor, Queen of England? Queen: Correct.

Counsel: What is your occupation? Queen: I am Queen of England.

Counsel: No – I mean, what do you actually do? Queen: I rule.

Counsel: Via what agency? Queen: My government. Counsel: Ah ha! And how do you rate this government? Queen: The present government?

Counsel: Yes. Queen: The one that has been in power for 15 years?

Counsel: Yes. Queen: I think they stink worse than a kangaroo's droppings. I wouldn't trust them to clean up the streets of Sydney for fear they'd pick up the rubbish and sell it back to us.

If I found myself in a lifeboat with them, I'd throw myself to the sharks! Judge: Your Majesty... Queen: Yes?

Judge: Forgive me asking you, but you are her Majesty, aren't you?

Queen: What makes you think otherwise? Judge: Well, you may look like the Queen, but you don't sound much like her. You have something of an Australian tinge to your diction. And I don't think the Queen chews gum, as you do.

Queen: All right, blast your eyes! I'm not the Queen! I'm Darlene Hordle! I'm a Queen lookalike from Brisbane, and I wish I'd never opened my mouth in your damned country! I used to earn good money in Australia masquerading as the Queen, but ever since this republican movement got under full

steam, they don't want a Queen lookalike, except to make fun of! After I was half pelted to death in a bunfight in Queensland, I decided to emigrate to Britain, where I could continue my career as the Queen, even though my experiences have convinced me to be a republican!

Can you imagine the personal tragedy of a republican trapped in a Queen's body? Judge: Hmm... So you have been coached by the prosecution to say these things about the government, have you?

Queen: Not at all. I believe them devoutly. Judge: As the Queen, or as Darlene Hordle?

Queen: Both. Judge: Hmm... tell me, Mr Bristol-Maine, why did you lead the court to believe we were about to receive the Queen, when all we got was Darlene Hordle of Brisbane?

Counsel: That is all we could afford, m'lud. You must remember that the Norberts, like millions of ordinary British families, have been kept impoverished by the actions of the Tory government. How could they afford the real Queen? It is

another indictment of this morally bankrupt administration. And now I propose to call hundreds more witnesses to testify that this clapped-out government is well past its sell-by date, staggering from one crisis to another like the homeward progress of a drunkard who can remember neither where he lives nor where he last saw his front-door key!

Judge: That's very good. Is that your description or did you make it up?

Counsel: Neither, m'lud. It was coined by William Gladstone, my Lord. Judge: About the present government?

Counsel: I really couldn't say, m'lud. And now I propose to call another member of the highest family in the land. Call the Duke of Edinburgh. Duke: G'day.

Counsel: Your Royal Highness, do you have as low an opinion of the present government as the previous witness?

Duke: Strawth – I should say so, sport! Judge: Just a moment! There are one or two questions I want to put to you, Duke... The case continues.

صكا من الامل



## Will we ever see the back of business bungs?

Open a newspaper any day and there is a good chance there will be a report about corruption in it. Today's quota comes from Irish politics, but it could be from anywhere in the world, for whether corruption is actually rising, concern about it certainly is.

Actually, Ireland does pretty well on the world league of corruption. It is equal 11th with the UK, behind such paragons as New Zealand, Denmark and Singapore, but ahead of Germany, the US, France and Japan, and far ahead of Italy. (At the bottom of this table, produced by an organisation called Transparency International, come Pakistan, China and Indonesia.)

Concern is rising for several reasons. The integration into the world economy of the Soviet Union and China has made the West more aware of the different ethical values of these two societies. The fact that more North American and Western European companies are seeking to do business in "new" markets has raised the practical question as to whether they should apply home country or local country ethical standards.

And maybe Western companies have become more squeamish, or maybe just more hypocritical, than they used to be about the acceptable levels of "commission" that they should pay to secure orders. Quite suddenly, there has been a string of conferences, academic papers and speeches about the costs of corruption. The International Monetary Fund is worrying about money laundering; the European Union (itself not entirely corruption-free) is trying to curb trans-national bribery; and last month James Wolfensohn, the president of the World Bank, attacked the corruption of the organisation's home city, Washington DC. Just before his speech, Mayor Barry, who would have been on the platform, slipped out of the room.

These attacks have a common theme – corruption makes countries and cities poorer than they would otherwise be. But how much poorer? Can you actually measure the effect? There are perfectly good moral reasons for seeking to curb corruption, which in general rewards the few at the expense of the many. But cool economics seems more likely to provoke change than hot rhetoric.

There is a lot of academic work in analysing the sources of corruption and measuring its effects on economic performance, work which has been summarised in an IMF paper by Paolo Mauro, and will be in a book called *Corruption and the World Economy*, published by the Washington-based Institute for International Economics.

Quite a lot of corruption, it seems, is caused by government policy. When governments impose regulations and give too much discretion to officials as to how these should be applied, they create opportunities for bribery. Trade restrictions, subsidies and price controls all increase the scope for bribes to be demanded and paid. Even government industries



Hamish McRae

East-West trade has triggered an economic debate about cracking down on corruption

trial policy encourages bribery – there is a link, apparently, between subsidies to manufacturing and the level of corruption. And the lower the level of civil service pay, the greater the chance that civil servants will seek to extract bribes.

The effect of corruption can be very big. A couple of studies suggest that if a country improves its corruption performance by 2-2.5 points on the scale of one (worst) to ten (best), it can increase investment by 4 per cent of GDP and boost growth by half a percentage point each year. That is the gap in the level of corruption, as perceived by business people, between France and Denmark, or Italy and Spain. But how on earth do you move a country along the scale – how do you cut corruption? This is beyond the scope of the IMF study, but there seem to be two broad approaches. One is to call for tighter regulation, greater co-operation between governments, pressure for higher ethical standards by companies and so on. This is the mainstream view, espoused by the political establishment, and there is obviously much merit in it. There is also, alas, a high level of hypocrisy.

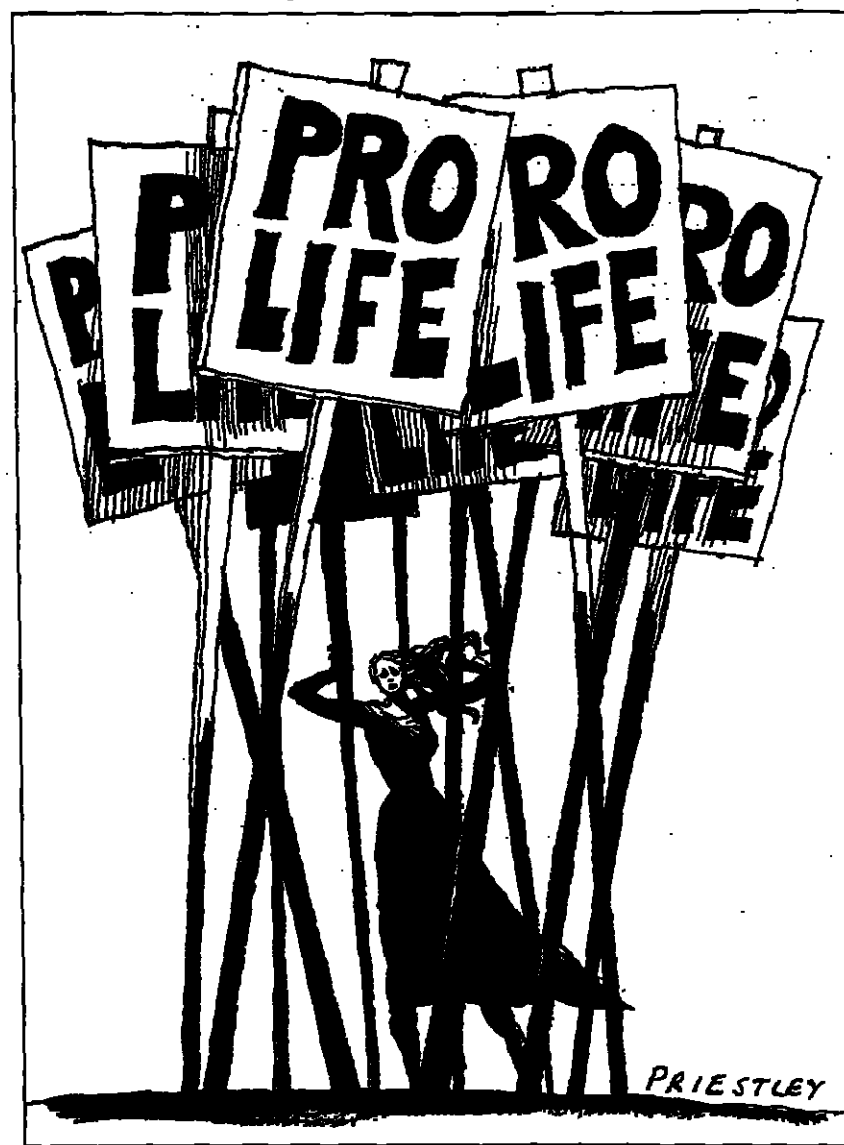
For example, I happen to know that one giant US company which is particularly active in pressing for higher ethical standards used its financial power with New York banks to wreck the refinancing of a much weaker foreign corporation. Only when the weaker company threatened to shop it to the appropriate US Federal authorities did the giant lay off. Beware multinationals that boast about ethical standards.

There is an alternative approach, which is to start not by putting pressure on the payers of bribes, but on the recipients – often government officials or politicians. If one cuts capital spending by governments, there are fewer of the large "white elephant" projects which seem to generate opportunities for bribery. Simplifying planning controls also helps. The amount governments spend on education seems to be associated with corruption. Though the causal link is not clear, it would seem common sense that the better-educated people are, the less thrilled they are when they are asked to pay bribes. The spread of education and in particular the creation of an articulate middle-class helps shift the balance of power away from the few who can benefit from corruption towards the many who are hurt by it. That process seems, for example, to be happening in Mexico.

The most hopeful view about global corruption comes from what many would argue is at present the most corrupt region – the former Soviet Union. Anatoly Chubais, President Yeltsin's economic guru, believes that as wealth spreads in Russia, market forces will inevitably shift the balance of power against the Mafia. The market becomes self-policing – good money will, so to speak, force out bad. I hope he is right. I checked to see where Russia was on the corruption league. They do not even rank on it.

## Speaking up for the right to abortion

by Suzanne Moore



Political and personal silence on abortion speaks volumes for how the new wave of pro-lifers have hijacked media attention

As we move into the season of goodwill and bad taste, the children of Dunblane's song, a reworked version of Dylan's *Knockin' on Heaven's Door* will inevitably be the Christmas Number One. The Spice Girls have delayed the release of their Christmas single to make way for a cause you can't argue with but a song that should never have been sung.

Should the Spice Girls, those supposedly empowering foxes, themselves choose to make a charity record, I would like to suggest that they donate the proceeds to a far less popular cause – that of defending women's rights to abortion.

The National Abortion Campaign has to do its necessary work on £30,000 a year. The Pro-Life Alliance, which plans to put forward 50 election candidates so that it is entitled to a party political broadcast, is clearly loaded.

If the Spice Girls stood up and told us what they wanted, what they really, really wanted, alongside Zige Zige, Aah was a "woman's right to choose", they would not actually be saying anything terribly controversial.

A Mori poll conducted last September found that 80 per cent supported such a view. The combination of Nineties good-time girls and clumsy feminist sloganeering would be worth shelling out for. But I suspect that for all their frenetic girl power, the Spice Girls are likely to remain strangely silent on this issue.

They are in good company. Those who are pro-choice, of whatever political complexion, are on the defensive, yet instead of defending abortion, they merely refuse to talk about it, falling back on the get-out of it being private and personal.

Abortion remains a key political issue, however, for it still represents the symbolic right of women to control their own bodies. This is why we have to have this argument time and again, and if we are not vigilant, we will have to have it on terms set by the anti-abortionists.

This is precisely what is happening at the moment. The "pro-lifers" have been making the running. The arguments of American feminist Naomi Wolf, who, having recently given birth, wrote a piece in *New Republic* questioning the right to abortion, were immediately replayed here. Castigated as a heretic by some, Wolf's piece, though I disagree with much of it, remains a thoughtful contribution to the discussion.

In this country, however, the complexities of IVF treatments

and the advances in genetics have led to impassioned but often ill-informed debates about frozen embryos and multiple births and selective termination culminating in the horrible championing of Mandy Allwood by the anti-abortionists.

The schoolgirl who refused to accept a prize from Barbara Follet was presented as a mini-heroine. Elizabeth Peacock (pro-life and, incidentally, pro-hanging) gained a first reading for her bill designed to outlaw the procedure known as "partial-birth abortion". She claimed it was not

known how widely this procedure is used in this country. Medical sources, however, estimate that this technique is used at most once a year here, if that.

All these things are news because the anti-abortionists are very clever at manipulating the media. By focusing on particular and sometimes harrowing cases, they have pushed the pro-lifers into arguing only on abstract principles, and as we well know, human interest is always more newsworthy than the discussion of liberal beliefs. The spectre of American-style

little coverage, perhaps because what it revealed is that abortion is not an electoral issue – 72 per cent of both conservative and Labour supporters said that a candidate's stance on abortion would not alter the way they voted.

Why are politicians running scared? Just as women are made to feel ashamed for having abortions, so too are politicians ashamed of even raising the issue. It appears that Tony Blair has made it plain that he does not want abortion raised as an issue in the election. This is cowardice. We have had nearly 30 years of legal abortion in this country and this is supported by both sexes.

Men as well as women need now more than ever to speak up. Instead of defending a far from perfect situation or being covered by the new wave of pro-lifers, we should be considering what to do 30 years on from the 1967 Act. As 1997 is also the year of a general election, this looks unlikely, but we must take the initiative. The 1967 Act was concerned with protecting doctors as well as helping women. Thirty years on, we need an act to enshrine the principle of abortion on request for women in the first trimester. This is hardly radical – it is already the law in several European countries.

Abortion may be a private experience but it is a common enough one for most of us to have been through it or know someone close who has. Yet personal guilt translates into political silence. Nobody is triumphalist about abortion but it is a fact of life. Refusal to recognise this leads to private misery and public shame and the pretence that by not mentioning it, somehow we can get away with it.

By not talking positively about this hard-won right, we are condemned to live in fear of those who would take it away. The quiet acceptance of women's rights in this area by the majority is misinterpreted as uncase. The politicians and the media are more concerned with the views of a few well-funded moral absolutists.

Now is the time for those who are pro-choice to make enough noise so that even those skilled at turning a deaf ear finally realise that votes are not to be won by risking women's rights and women's lives. If the politics of the anti-abortion lobby depend on fear fuelled by embarrassment and shame, then surely nothing benefits them more than our silence. And that is what we should be afraid of.

## Let's play hunt the famous

They were laid out across the front page of Wednesday's *Daily Mirror* like stamps in an album or butterflies in a glass case, the "beautiful middle-aged celebrities" who between them had received more than 2,000 obscene letters over the past 12 years – Helen Mirren, Honor Blackman, Diana Rigg, Joanna Lumley, Virginia Bottomley, Myra Dawn Porter, Alexander Bastedo and Britt Ekland. And one's first thought was "what taste! What a gift for the designer!"

And one's second thought was that he had done it, whatever he was: he had achieved what he was after. Though identified only by the usual "pervert" and "sex fiend" labels, his 12 years of hard graft had paid off. Until now, his affair with the most beautiful woman in the country had been a murky secret known only to the women themselves and their families and agents.

Suddenly, the secret is out, the connection is public and can never be disclaimed. His existence and his effort are acknowledged. He has passed through the looking glass into the land of celebrity.

Famous and distinguished people have always had their fans and camp followers and hangers-on: a small proportion of these have probably always been crazy, even homicidal, their helpless adoration curdled by rejection. But the celebrity stalkers of today are as distinctive a product of the age of television and tabloid newspapers as are the celebrities themselves.

The gulf between celebrities and their fans remains as wide as ever. But today, it seems unfair in a way it never used to be; unfair yet readily bridgeable by the truly desperate.

It seems unfair because the

notion that the famous and glamorous were also heroic, on a morally superior plane to the rest of us, was jettisoned long ago. Hollywood gradually scaled down its epic stars to human proportions; television shrunk them to the size of puppets. You know these people in more intimate detail than anyone else, except your nearest and dearest. Yet they are oblivious to your existence. How wrong. How unfair. So the challenge is to overcome that ignorance, to make them know you and then make the world acknowledge the connection, too.

Stalking is not, however, an option arrived at by cold logic. The stalker must fall in love, or fancy himself in love, because unreciprocated love is the model, within normal, non-celeb human intercourse, of his non-relationship with the celebrity. And he must then strive to do the impossible – to make the loved one love him back.

In this way, stalking becomes a sinister mirror of the way celebrity affects ordinary people. A famous person such as Madonna or Michael Jackson is thrust on our attention day after day, week after week – we are helpless to resist or reject their advances, and only someone who's been living on Mars or under a rock could have missed the latest whatever. Now the stalker turns the tables on the loved one, besieging her with reminders of his existence and his feelings.

"The process of stalking forces a relationship on the victim whether they want it or not," says Professor R J Badcock, a leading forensic psychiatrist. "It is impossible to get the stalker out of one's life. Carrying out stalking activities



Concluding his series on the nature of fame, Peter Popham examines the inner life of the stalker, who may easily become as famous as the object of attention

makes people feel immediately successful."

Stalkers range in the gravity of their behaviour from people who are merely a little sad and obsessive to psychotic killers; from people such as Bernard Quinn and Professor Klaus Wagner – respectable professional people fallen on hard psychological times and obsessed with Princesses Anne and Diana respectively – who make thorough nuisances of themselves but seem to pose no serious danger, to Robert Bardo, the man who shot the actress Rebecca Schaeffer dead with a single bullet when she answered the door of her Hollywood home.

But the man who epitomises the successful struggle of the stalker to clamber up to the glittering palace of celebrity through extreme acts is John W. Hinckley, Jr (pictured).

Hinckley was only one of many young men who became infatuated with the actress Jodie Foster in the years that followed her success in *Taxi Driver*. It is said that she received 3,000 fan letters a month. But Hinckley was determined to matter to Jodie with the same intensity that Jodie mattered to him; he wanted the two of them to be linked in perpetuity. The actress was now a freshman at Yale, so Hinckley visited the campus, tried (and once or twice succeeded) to reach her by phone, slipped notes under the door of her room, and by dint of sheer persistence and menace finally began to impinge on her awareness. Hanging out around her dorm, he wrote in one note that he had "come to realize that I'm the topic of more than a little conversation, however full of ridicule it may be." He felt "very good", he wrote, "that

you at least know my name and know how I feel about you."

But knowledge and acknowledgement were not enough – and so Hinckley set off on the fatal trail that led to him to imitate the behaviour of Travis Bickle, the Robert de Niro character in *Taxi Driver*, buying guns and shooting President Reagan. Hinckley is a schizophrenic, and at his trial was found not guilty by virtue of insanity. But his grasp of the significance of what he had achieved, expressed in a letter written after the trial to Stuart Taylor Jr of *The New York Times*, was astonishingly lucid.

"Jodie Foster may continue to outwardly ignore me for the rest of my life but I have made an impression on that young lady that will never fade from her mind," he wrote. "I have made her one of the most famous actresses in the world. Everybody but everybody knows about John and Jodie. We are a historical couple whether Jodie likes it or not."

"At one time, Miss Foster was a star and I was an insignificant fan. Now everything is changed. I am Napoleon and she is Josephine. I am Romeo and she is Juliet. I am John Hinckley Jr and she is Jodie Foster. The world can't touch us. Society can't bring us down."

It's totally crackers. But in terms of the way modern celebrity can be achieved, Hinckley's analysis is also staggeringly clear-sighted – Jodie Foster did indeed become far more famous after Hinckley's assassination attempt: her name will always be shadowed by his. And by dint of bloody-minded determination, by dint of madness, Hinckley has placed himself among the immortals.

### LEFT TO DIE

"Cristina is six but has the body of a baby. Other little girls have the wrinkled faces of old women. Their matchstick limbs are covered in open sores."



Tanya Barron visiting Hinckley Orphanage

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# business & city

Business news desk: tel 0171-293 2636 fax 0171-293 2098  
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## National Power faces £200m pension repayment

Chris Godsmark  
Business Correspondent

National Power could be asked to repay more than £200m if removed from its employees' pension scheme in just one of a deluge of claims likely to hit the privatised electricity companies, following a landmark ruling from the Pensions Ombudsman.

A spokesman for the campaign representing pension fund members was last night writing to all the electricity companies to ask for surplus cash taken out of the schemes for the employees' benefit to be replaced. The sum involved is thought to exceed £500m.

It also emerged yesterday that most electricity firms had taken surplus cash out of their pension funds, which are part of the main Electricity Supply Pension Scheme, twice, once after an actuarial valuation in 1992 and once in 1995.

The claim follows the provisional judgement by Dr Julian Farrand, the ombudsman, in a case brought by two National Grid pensioners. The company had decided to allocate 70 per cent of a £62.3m surplus to itself, some of which went to fund voluntary redundancy and early retirement payments. The other 30 per cent went to enhance pensions benefits.

Dr Farrand said the Grid had misused the pension fund surplus, because the scheme's rules stated the surplus could not be paid to the employer.

The biggest bill could be faced by National Power, which is thought to have used £176m to fund early retirement payouts out of a £303m surplus in 1992. In the second pension fund valuation last year National Power had a surplus of £73.7m which it said at the time would be held in the scheme and later used to fund early retirement costs. National Power refused to comment yesterday.

Of the other companies facing huge bills, Nuclear Electric could have to repay £70m, while PowerGen could have to find £59.4m. In all cases the companies would have to pay interest on top at 8 per cent a year.

Peter Woods, from solicitors Stephens Innocent, which represented the National Grid pensioners, said: "The impact of this will be horrendous for the companies. I don't know how much money these guys have got, but this judgement must have an impact on their balance sheets."

Jack Taylor, a director of the Association of Electricity Supply Pensioners, said he would ask trustees of all the funds involved to apply to the High Court to establish whether the judgement applied to them. In any case the companies are likely to take the matter to court if Dr Farrand confirms his findings when he publishes his final judgement in the National Grid case in three weeks.

The campaigners have also been fighting to remove variations in benefits offered by different schemes since the industry was split up after privatisation. Mr Taylor, a former marketing director of the Electricity Council, said any sur-

pluses returned by the companies should be used for this purpose.

He said: "We were all in the same scheme before privatisation but when it later came to sharing out these surpluses some got benefits and others didn't. If they put the money back which they've taken out they should use it to restore equity for the pensioners."

A spokesman for the scheme said the ruling was being scrutinised but declined to comment further.

## Gas surprises with £293m deal on take-or-pay

Chris Godsmark  
Business Correspondent

British Gas directors yesterday attempted to put past disasters behind them as they brought forward plans to split the company in two, and revealed the first successful renegotiation of part of the company's £40bn worth of take-or-pay contracts with North Sea oil and gas producers.

Describing the news as "a defining event in the history of British Gas", Richard Giordano, chairman, said the demerger of British Gas's supply business would now take place on 17 February, two months earlier than originally planned.

Shareholders, including more than 1.5 million small investors, or Sids, will vote at an extraordinary general meeting on 12 February, just over 10 years after the group's landmark privatisation. The new company, which will supply 20 million domestic customers and run the huge Morecambe Bay gas field, is to be called Centrica, though it will continue to use the British Gas name for its residential supply business. Shareholders will get one Centrica share for every British Gas share they hold.

Directors of the new business, led by Roy Gardner, chief executive, said they chose the name from a shortlist of three because it was modern and dynamic. The remainder of British Gas will be renamed BG PLC and will run the pipeline network and all other gas exploration and production business, apart from the Morecambe Bay gas field.

One surprise was that Dame Stella Rimington, the former head of the security service

MIS, would join the board as a non-executive director. This follows her appointment last week to the board of Marks & Spencer as a non-executive director.

The first completed take-or-pay contract renegotiation is with the oil giant BP. It also involves internal contracts to buy gas which British Gas has with its own subsidiaries. It will cost the company £293m in compensation payments which will hit the next quarter's profits.

Mr Giordano would not say how much of the cash would go to BP, though it is thought to be more than half. He said the deal represented about 10 per cent of the contracts which the company "wanted to do something about". It is thought that another one or two big renegotiations will come in the next couple of months, probably involving either Shell or Esso. British Gas did not discount the possibility that these may involve an oil producer being given some of the assets of the Morecambe field.

Only a week ago British Gas

revealed the take-or-pay burden, which involves the company paying around 20p a therm for its gas, a third more than the market rate, had cost the company £294 in three months. Under the renegotiated deal, contracts to buy 2.8 billion therms of gas will be terminated, while 13.5 billion therms will be fixed at a lower price.

Both companies face severe challenges after the demerger takes place. Centrica must restore customers' faith in its service standards after having to spend £80m this year to combat problems with its billing and telephone inquiry systems.

It will also have to fight to retain its share of the domestic market when it is opened to full competition in 1998. Mr Gardner said he was looking at forming alliances with other firms to mount an assault on the electricity market after full domestic competition in two years' time.

The other business, BG, will take over the fight with the industry regulator, Clare Spottiswoode, over her proposals for stiff price controls on its pipeline charges. The issue is being investigated by the Monopolies and Mergers Commission.

If BG loses, it could reduce its after-tax profits by as much as £400m, which would mean investors would be unlikely to be paid any dividend for several years. In addition Centrica shares, which analysts expect to trade at between 30p and 60p, will not pay a dividend for the immediate future.

However British Gas forecast it would pay a final dividend for the second half of the year of 8.1p, the same as last year.

Comment, page 25



Mary Walz: Is also battling to clear her name with the Securities and Futures Authority

## Ex-Barings executive loses claim for £500,000 bonus

Louise Jury  
and Jill Treanor

Mary Walz, the former Barings executive, has lost her claim for a £500,000 performance bonus that was awarded just hours before the bank's collapse last year but was never paid.

An industrial tribunal at Stratford, east London, ruled yesterday that Ms Walz had no contractual or non-contractual rights to the money.

Ms Walz, 36, an American living in London, claimed she was treated as "a star" by Andrew Tuckey, the former deputy chairman of Barings, when he

handed her a slip of paper confirming the bonus in February 1995. Just 13 hours later, the dealings of Nick Leeson, the rogue trader, brought down the bank with losses of £860m.

Ms Walz said previous bonuses had never been linked to the bank's profits. But ING, the Dutch financial services giant which rescued Barings in March 1995, argued she was one of the senior managers responsible for Leeson, who is serving six-and-a-half years in a Singapore jail for his illegal trading.

It said the agreement was informal and since the bank collapsed the next day, there was

no profit-sharing pool from which she could be paid.

Ms Walz said yesterday she and her lawyers had believed her meeting with Mr Tuckey in February 1995 had "amounted to more than just a casual indication of my compensation".

But she said: "I put the question before the tribunal for the obvious purpose of seeking its independent review and to attempt to isolate what was strictly an employment issue from the complexities of the tragedy of the collapse of Barings."

"Having put the question to the tribunal, I now accept and respect its decision," she said.

ING Barings declined to comment yesterday. However, one banking source expressed relief at the decision. "It says encouraging things about accountability. There are those of us who thought it was a cheeky thing to do," one banker said.

Ms Walz is also battling to clear her name with the Securities and Futures Authority, the City regulator which has brought charges against her in connection with the collapse of the bank. In addition, many former Barings executives, including Ms Walz, are being sued by Coopers & Lybrand, the auditors of Barings.

## Bank to push for another interest rate rise

Yvette Cooper

Eddie George, Governor of the Bank of England, yesterday gave another veiled warning that the Treasury remained too complacent about the chances of rising inflation in the next couple of years. He indicated that the Bank would soon push for a further increase in interest rates.

Giving evidence to the House of Commons Treasury Select Committee about last week's Budget, the Governor said: "The Treasury's assumptions are more optimistic than the Bank's forecasts."

Mr George reiterated the Bank's view that inflation would start to rise late next year and early 1998, in contrast to the Treasury's Red Book forecast that inflation would stay at 2.5 per cent or below for the next three years.

Signalling the Bank's intention to push for an interest rate increase in the near future, he said: "Some further rate rise will be required at some point in order to give us a better than even chance of achieving the inflation target." The Government's target for inflation is 2.5 per cent or below by the General Election and beyond.

However, the Governor dampened speculation that the economy was on the brink of dangerously overheating. Asked by Select Committee members whether the economy was heading for a 1980s-style economic boom, he replied: "No - not a 1980s-style boom. That's talking about intensity."

Meanwhile new evidence on retail sales and car sales added support to the view that inflationary pressures had not yet taken off. The Society of Motor Manufacturers reported that new car registrations in November this year fell 5.4 per cent compared to November last year, from 143,055 to 135,342.

The Confederation of British Industry's monthly survey of Distributive Trades showed that sales and prices rose less in November than in October. The Distributive Trades survey takes evidence from retailers across the country and measures the balance between the number of companies giving positive answers and the number giving negative answers. The balance of firms reporting increased sales compared to a year ago fell from 55 per cent in October to 48 per cent in November.

Alistair Eperon, chairman of the CBI's Distributive Trades panel said: "Based on the evidence of the survey, interest rates should remain on hold."

## Brent Walker finance man convicted

Jill Treanor  
Banking Correspondent

A former finance director of Goldcrest, once the film-making subsidiary of Brent Walker, was convicted yesterday of attempting to pervert the course of justice by organising a wide ranging cover up of the Brent Walker profits fraud.

Donald Anderson, 43, created false documents between August 1988 and October 1990 to cover up £19m of bogus profits reported by Brent Walker between 1984 and 1987, the prosecution said. He was also involved in the laundering of £19.5m through the Bahamas and the Isle of Man.

Anderson was remanded in custody last night to await sentencing, possibly today.

Anderson, a New Zealander, fled the country during the course of interviews with the

Serious Fraud Office in 1992 and did not return until last November.

Warrants for his arrest were issued in January and March 1993 and he should have been a defendant in the first Brent Walker trial in 1994 in which George Walker, the leisure firm's founder, was acquitted of theft charges.

In the first trial the SFO secured the conviction of Wilfred Aquilina, Brent Walker's former

finance director, on one count of supplying false information to accountants.

Aquilina was fined £25,000 and given an 18-month suspended prison sentence. John Quisted, the former managing director, pleaded guilty to misleading the SFO and was given a nine-month suspended sentence and a £30,000 fine.

Allegations about the accounting policy within Brent Walker's film division first surfaced in *The Independent* in August 1988.

Brent Walker had hoped that success in the film division would fuel the group's growth. But worries about the division's accounts stopped the group being able to raise money through a rights issue and it had to rely heavily on borrowings, which the group is still repaying.

The SFO's case rested on the assumption that Brent Walker had funded its profits itself. It

gave the impression that it was making sales to third parties, which, in reality, were part of the Brent Walker group. This created the illusion of profit.

The SFO claimed last night that Anderson was paid by Brent Walker for covering up the fraud. On at least three occasions he collected bearer bonds and cash totalling £750,000 from Geneva, which had been laundered through the Bahamas and Liechtenstein.

"It is... a sad case that a man with obvious intelligence... should have so misused his talents out of financial greed and personal ambition," Peter Rook, QC, prosecuting for the SFO said during the trial.

Anderson had confessed to Freddie Fisher III, a director at Goldcrest, who became a key prosecution witness.

The trial, at Southwark Crown Court, opened on 2 October.

## Hanson spends £150m on splitting business into four

Magnus Grimmond

Hanson yesterday revealed that the bill for splitting the industrial conglomerate into four parts would amount to £150m, but said the cost had fallen from an estimate made in August.

Listing documents sent out in the summer with details of the demerger of Imperial Tobacco and Millennium Chemicals gave an expected figure of £95m for the four-way split.

Yesterday, the group said the total cost would be £150m, of which £78m related to fees and other charges relating to the transfer of bonds to the new companies. Christopher Collins, executive vice chairman, said the £72m which directly related to the demerger was lower than the original estimate. Hanson said

professional fees accounted for around a third of that figure. Imperial Tobacco yesterday revealed that the cost of its demerger had been £7m.

The news came as Hanson announced record profits of £1.81m for its last year before the break-up. Lord Hanson has announced his intention to step down as chairman next year. He described the share price performance over the past year as "very disappointing".

The figures were boosted from a prior year figure of £1.23bn by £633m of gains on the conglomerate's £2.1bn dis-

positional programme announced a year ago, which the chief executive, Derek Bonham, said had exceeded expectations in half the expected time.

There was also a £193m release of provisions from a charge set up to pay clean-up costs of chemically contaminated land in the US following its acquisition of the Beazer building and aggregates group in 1991. Hanson said the cut in provisions came after it had established better remediation procedures.

Investment column and Imperial results page 26

# STOCK MARKETS

**FTSE 100**

**Dow Jones\***

**Nikkei**

\*New York Index & Graph of 1996 Index

FTSE World Index Data

| Indices        | Close    | Day's change | Change(%) | 1996 High | 1996 Low | Vol(%) |
|----------------|----------|--------------|-----------|-----------|----------|--------|
| FTSE 100       | 4051.20  | +8.00        | +0.1      | 4073.10   | 3632.30  | 3.95   |
| FTSE 250       | 4435.80  | +13.90       | +0.3      | 4568.60   | 4015.30  | 3.54   |
| FTSE 350       | 2012.20  | +3.70        | +0.2      | 2022.10   | 1816.60  | 3.85   |
| FTSE SmallCap  | 2166.25  | +4.18        | +0.2      | 2244.35   | 1594.05  | 3.19   |
| FTSE All-Share | 1993.73  | +3.84        | +0.2      | 1994.54   | 1791.85  | 3.90   |
| New York*      | 6408.41  | +14.53       | +0.2      | 6547.73   | 6032.94  | 2.01   |
| Tokyo          | 20943.90 | +283.99      | +1.4      | 22686.80  | 19734.70 | 0.781  |
| Hong Kong      | 13491.56 | +57.32       | +0.4      | 13530.95  | 12924.87 | 3.081  |
| Frankfurt      | 2909.51  | +43.84       | +1.5      | 2909.91   | 2253.38  | 1.611  |

Source: FT Information

Source: FT Information

| INTEREST RATES |      |          |      |          |                    |          |      |          |      |
|----------------|------|----------|------|----------|--------------------|----------|------|----------|------|
| Short sterling |      |          |      |          | UK medium gilt     |          |      |          |      |
| 1 month        | 6.50 | 1 month  | 7.25 | 3 months | 7.25               | 1 month  | 6.50 | 1 month  | 6.50 |
| 3 months       | 6.50 | 3 months | 7.25 | 6 months | 7.25               | 3 months | 6.50 | 3 months | 6.50 |
| 6 months       | 6.50 | 6 months | 7.25 | 9 months | 7.25               | 6 months | 6.50 | 6 months | 6.50 |
| 1 year         | 6.50 | 1 year   | 7.25 | 1 year   | 7.25               | 1 year   | 6.50 | 1 year   | 6.50 |
| US long bond   |      |          |      |          | Money Market Rates |          |      |          |      |
| 1 year         | 6.50 | 1 year   | 7.25 | 3 months | 6.50               | 1 month  | 6.50 | 1 month  | 6.50 |
| 3 months       | 6.50 | 3 months | 7.25 | 6 months | 6.50               | 3 months | 6.50 | 3 months | 6.50 |
| 6 months       | 6.50 | 6 months | 7.25 | 9 months | 6.50               | 6 months | 6.50 | 6 months | 6.50 |
| 1 year         | 6.50 | 1 year   | 7.25 | 1 year   | 6.50               | 1 year   | 6.50 | 1 year   | 6.50 |

| CURRENCIES |      |      |      |      |      |      |      |      |      |
|------------|------|------|------|------|------|------|------|------|------|
| £/\$       |      |      |      |      | £/DM |      |      |      |      |
| 1.00       | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1.00       | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1.00       | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1.00       | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1.00       | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1.00       | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1.00       | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1.00       | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1.00       | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

### THE INDEPENDENT

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## COMMENT

To move from declaring the National Grid case a misuse of funds to saying that companies should not be allowed to take surpluses would, however, be a mistake

## Above-board ways to tap company pensions

Tricky things, pensions. The Maxwells nearly went to jail for misusing pension fund assets but there has always been a perfectly legal way for companies to get their hands on their pensioners' money. This is to get the actuaries to declare that there's more money in the fund than is required to meet expected liabilities, and then simply wipe the surplus, or at least take a prolonged holiday from contributions. For obvious reasons this has always been contentious but it hasn't stopped companies doing it with abandon. Now along comes the Pensions Ombudsman, Dr Julian Farrand, to say that in at least one case, that of the National Grid, this should not have happened.

A number of the other privatised utilities are in exactly the same position, so Dr Farrand's adjudication plainly has quite far reaching implications. All the same, this is a bit of a special case. The terms of the scheme specifically disallowed the use of any surplus for the employer's benefit. So what the Grid did was to use its share of the surplus for the benefit of employees - or rather, to pay early retirement and other benefits to those it was making redundant. Since these were costs which the Grid would otherwise have had to meet from its own resources, the Ombudsman has rightly declared this a misuse of funds.

To move from declaring this particular case a misuse of funds, to saying that companies should not be allowed to take

surpluses, point, would, however, be a mistake. Most occupational pension schemes are not the sole property of the employees, though it is easy to see why they should think this. Typically, the employer will enter into an open-ended liability to meet promised benefits. That, in turn, obviously gives him certain rights of ownership. Certainly there should be a quid pro quo entitlement to any surplus in the fund.

Occupational pension schemes are a dying industry with most companies keen to move their employees on to straight money purchase personal pensions. But there's a long tail to be worked out before companies finally shrug off their pensions inheritance. Judging by this case and others like it, there's plenty to keep the lawyers occupied with yet.

### How low inflation can compound errors

Here is what looks at first sight like a straightforward GCSE question; if you buy a computer with 500 megabytes of hard disk memory for 20 per cent more than you paid a year ago for an older machine with 100 megabytes, what is the rate of computer price inflation? In the hands of economists, however, such questions have been turned into a whole new and highly contentious area of academic study.

This week the eminent economist Michael Boskin claimed that US inflation has been overstated by about 1.1 per cent a year as a result of such improvements in quality. In the UK, the Bank of England has estimated the overstatement at between 0.35 and 0.8 per cent. Roger Bootle of HSBC says most economists come up with figures around 1 per cent.

Meanwhile, the Office of National Statistics, with typical statisticians' caution, believes it is probable, though not certain, that there is some overstatement built into the RPI, but thinks it is nowhere near the top of the Bank's range.

The main measurement difficulties are that there is a continual improvement in the quality of goods and services, consumers are becoming increasingly sophisticated in chasing special offers and they are also prone to substitute one product for another when the price changes. The ONS is in the middle of a big project to refine collection and measurement, which may include allowances for quality improvements in products such as cars, computers and audiovisual equipment.

The debate is of more than academic interest, however. Any overstatement hardly mattered when inflation was 10 per cent, but when it is around 2.5 per cent a small error looms large. If inflation has been overstated, it also means that economic growth has been consistently understated, because too large an amount has been deducted from the

national product when adjustments are made for prices. Furthermore, indexing of tax and benefit is also profoundly affected by any adjustment to the inflation measure. There is thus a powerful incentive to the Treasury to eliminate any upward bias in the figures.

### New name, same old problems at British Gas

British Gas will be hoping that a new name marks a new beginning, but for Sid the misery goes on and on. Investors were given a lot to take yesterday with a whole string of announcements, not least the new name for the supply business, "Centrica". Directors say this was easily the best of three possible choices by the leading marketing consultancy, Interbrand, which was paid £250,000 for its services. In truth, Centrica is no worse than any of the other recent rebranding exercises. Who thought much of the name "Zeneca" when ICI unveiled it a few years ago? "Concert", the new name for British Telecom, hardly sets the pulse racing either.

But behind the new facade, the same old problems remain. Centrica's first task is to restore public confidence in service standards as well as attempt to field the onset of competition in its core domestic supply business. The new board, assisted

by a sensible choice of non-executive directors such as WH Smith head Bill Cockburn, will undoubtedly work like mad to keep the company's market share above 50 per cent. Even so, Centrica shareholders will have to wait a very long time for their first dividend.

Which leaves "BG Plc", the pipeline operation entangled in a bitter row with Ofgas over pipeline charges. If it loses in the Monopolies Commission lottery, then the company claims it would wipe £400m off after tax profits. Last year it only made £391m after tax, so Sid can kiss goodbye to much of a dividend there as well. Even if BG comes off better than expected, the dividend is still going to be cut.

So it was no surprise that yet again yesterday British Gas was playing down any possibility that the demerger will realise additional value for shareholders in the near future. Who knows? British Gas's screams of pain may be little more than bluff, the case as presented for consumption by the MMC. Perhaps there are huge hidden costs which can be cut out, unlocking real value for shareholders. Then again, look what happened the last time British Gas slashed staff numbers: too many people left and service standards suffered. The shares may look oversold for the moment, but Sid is going to have to wait quite a while to see them return to anywhere near their former glory.

## Grand Met plans £1bn buy-back

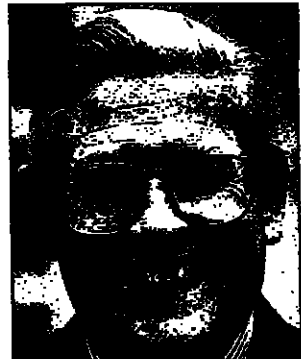
Patrick Toohar

The list of companies looking to return cash to investors grew further yesterday when Grand Metropolitan, the Burger King and Haagen-Dazs food and drinks group, said it was considering plans to buy back up to 10 per cent of its shares.

"Share buy-backs are on the agenda, though they have not yet been approved by the board," said Gerald Corbett, Grand Met's finance director.

Mr Corbett said no decision on the timing of the buy-back had yet been taken, though Grand Met plans to seek shareholder approval for the scheme at its next annual meeting in March. Analysts said falling debt levels could mean up to £1bn would be available for distribution to shareholders in 1998 once complicated tax considerations had been ironed out. In the year September 1996 net borrowings fell by £633m to £2.7bn, representing almost three-quarters of shareholders' funds.

It is highly unusual for a company with such high gearing levels to consider a share buy-back. But Mr Corbett insisted Grand Met's financial po-



Looking to return cash: Chairman George Bull

cent rise in full year pre-exceptional profits to £965m, in line with market estimates.

But the shares closed 10.5p lower at 446p as analysts scaled back their 1997 forecasts by £50m to around £1bn to take account of sterling's recent strength against the dollar. Some 70 per cent of Grand Met's profits are denominated in the US currency.

The figures included good performances from Pillsbury, the US baked goods business, and the IDV spirits division, but Burger King was hit by the BSE scare in Britain and Germany, costing Grand Met around £10m in lost profits.

Overall, profits from the Burger King operations, excluding franchising profits, were flat at £165m.

At the pre-tax level, profits fell by 58 per cent to £388m following a £550m exceptional charge taken on the sale of Pearle, the US eye-care specialist, and some of its European food businesses.

Yesterday Grand Met also announced the sale of its Hoffman Menu food group to a German management team for £50m.

Investment Column, page 26

Cable & Wireless has named Robert Lerwill as its new finance director. He succeeds Rod Olsen who was promoted to deputy chief executive in July.

Mr Lerwill, 44, is currently finance director of WPP, the advertising group which controls Ogilvy & Mather and J Walter Thompson agencies.

Mr Lerwill joined the WPP main board in 1986 and in addition to his finance responsibilities was also closely involved

## C&W appoints finance chief

in acquisitions and investor relations.

Cable & Wireless chief executive Richard Brown said: "I am delighted Robert is joining us. His recognised experience in international financing will be an obvious asset to us."

In his 10 years at WPP Mr Lerwill was involved with two in-

ternational refinancings involving up to 35 banks each time. He worked for accountants Arthur Anderson for 10 years, including spells in South Africa, Russia and the Middle East.

In his place WPP has promoted Paul Richardson to the finance director position.

He was previously deputy finance director and group treasurer.

Mr Richardson, who is 39, joined WPP three years ago as group treasurer after six years with Hanson. He was previously with Beecham Group. Cable & Wireless also announced yesterday that its Mer-

cury Communications subsidiary had reached an agreement with BT over number portability. Customers who want to connect directly to the Mercury network will soon be able to do so without having to change their telephone number.

Mercury will introduce single line geographic number portability early next month for customers in Northern Ireland. It will be rolled out nationally during 1997.

## Hughes to auction defence and aerospace divisions

David Usborne  
New York

Hughes Electronics, founded by the legendary eccentric Howard Hughes and now part of General Motors, may shed its heritage as America's one-time leader in defence innovation by auctioning its military systems and aerospace divisions for a price that could reach \$8bn (£5bn).

Such a sale would give fresh impetus to the consolidation process that has transformed the defence industry in the US since the end of the Cold War. Companies seen as the most likely bidders for the Hughes businesses include McDonnell Douglas, Northrop Grumman and Raytheon.

Michael Armstrong, chairman of Hughes, was reported

yesterday to have decided to seek buyers for the units to allow his company to concentrate on its expanding telecommunications satellite division. The move would also fit GM's desire to prune its peripheral businesses and get back to its car-making roots. There was no comment yesterday from either Hughes or GM.

A possible obstacle to any major divestiture are the tax implications. Hughes could be persuaded to abandon any auction if the tax burden promised to be too heavy and could not be avoided by way of some tax-free stock transaction.

The loss of the defence and aerospace units would radically alter the character of Hughes, which was founded by Mr Hughes in a hangar in California be-

fore World War II. In the public mind it remains famous as the company that invented miracle military technologies ranging from the world's first laser to night-vision infra-red targeting systems. It also produced the landing modules for NASA's moon programme. At its peak in the mid-1980s, Hughes had a worldwide payroll of 82,000.

The company has recently had its shares of woes, however, culminating in its failure to land a contract with the Pentagon for a missile-satellite system that was won instead by Lockheed Martin. Its expansion in the satellite field was marked by its purchase of Panamsat for \$3bn. Neither Boeing, which is overstretched meeting jet orders, nor Lockheed Martin are considered likely suitors.

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هاتنا من الأصل

## Food groups sustain Grand Met

THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

Grand Metropolitan has always been a follower of fashion. In the late Eighties it was a trendy conglomerate, paying top dollar for just about anything that moved, even if it did get out of hotels at the top of the cycle.

When recession struck, and the virtues of focus on core activities suddenly became apparent, Grand Met zeroed in on branded food and drinks at the expense of a costly exit from peripheral pursuits.

But under Lord Sheppard the deals just kept on flowing and one of his last acts was to pay £1.8bn for Pet Inc, the branded US foods group, just over a year ago.

All this wheel-dealing, while supposedly delivering enhanced earnings in year one, brought next to no benefit to shareholders. Amazingly, for almost a decade, the return on the group's £10bn of total capital has been below its weighted cost of capital. Which makes you wonder what, in investment terms, is the point of Grand Met at all?

Clearly the new management team under John McGrath has been grappling with this question and is trying to draw a line under the past by using the language of the present.

The latest wheeze is a share buy-back plan – an obvious move for cash-rich companies but less clearly beneficial for Grand Met, which boasts gearing of 74 per cent and net borrowings of £2.7bn.

The idea is not so off-the-wall as it might seem. Grand Met's debt is far cheaper than its cost of equity, so reducing the number of shares in issue makes sense. Equally, the £190m interest bill is comfortably covered over six times by operating profit. But investors should not hold their breath as knotty advance corporation tax problems mean the buy-back is unlikely to see the light of day until 1998.

In the meantime, they can console themselves with good performance from the group's two main profit centres – Pillsbury food and IDV drinks – though operating profits at Burger King fell from £190m to £167m, due in part to a £10m hit caused by difficult trading in the UK and Germany caused by the BSE crisis.

At the pre-tax level, profits were reduced by 58 per cent to £388m after a £50m exceptional charge arising from the sale of the Pearl eye-care chain in the US and some European food businesses. More disposals in the latter category will follow as Grand Met concentrates on four international brands – Haagen-Dazs ice cream, Pillsbury baked goods, Green Giant vegetables and El Paso Mexican food. Analysts reduced their pre-tax fore-

casts by about £50m to £1bn to take account of sterling's recent strength against the dollar. That puts the shares, down 10.5p at 446p, on a market multiple of just over 14. High enough.

### New Hanson lacks focus

Lord Hanson is doing his best to bow out of the corporate battleground in a blaze of glory. Having paid £300m for "bolt-on" acquisitions in the past two years, raised £2.1bn from disposals in the past year and announced the division of his empire into four separately quoted companies, the impression is of a whirlwind of activity at his eponymously named conglomerate.

Sadly the City has remained unimpressed and the shares have underperformed the rest of the market by more than 40 per cent since the demerger was announced in January, despite yesterday's 0.5p uptick to 80.25p.

The latest pronouncement shows that the experts were right to be cynical, as

Hanson proudly proclaimed record profits of £1.81m in its last year as an undivided conglomerate. The figures are now largely irrelevant, given the merger on the last day of the year of the new Millennium Chemicals and Imperial Tobacco groups and the forthcoming split from the energy operations in January. Even so, they give an insight into the problems facing the group. Strip away exceptional profits, principally the massive £633m profits from disposals and a £193m release of provisions for contaminated land in the US, and Hanson's operating profits, at £1.53m, are flat as a pancake.

"New Hanson" must be seen as a much more focused group, with leading positions in aggregates, ready-mixed concrete, bricks, cranes and electrical products in the UK and the US. Once the remaining debt of around £1.4bn has been unloaded on to the new Energy Group, New Hanson will also be financially strong, with gearing of around 25 per cent.

It is also well managed, doing well to hold onto profits of £231m last year, down just £6m despite difficult conditions in the UK. Brick prices fell just

3 per cent, while aggregates demand fell to levels not seen since the 1970s. The strong performance from the US and Grove cranes should continue.

Analysts are putting a fair value of around 88p on the remaining Hanson entity, after a conglomerates discount, with new Hanson worth upwards of 38p. Even if a bid does not emerge for Energy, the shares should be held at least until the dust settles.

### London Clubs deals a dud

Casino group London Clubs International has turned in such a disappointing performance since its flotation in May 1994 that yesterday's downbeat announcement represents the group's first dud hand.

Having trebled in two and a half years, the shares retreated 8.5p to 316p following flat half-year profits of £20m and a gloomy trading statement.

What deflated confidence was news that in October and November the percentage of bets returned had been disappointing at upmarket casinos, including The Ritz and Les Ambassadeurs in the capital. The high level of sterling may be one factor keeping high-rolling overseas gamblers away.

But in a sense London Clubs is a victim of its past success, as the top clubs have seen spectacular gains in the past two years. The luxury end of the market's unpredictability is the reason London Clubs has been reducing its dependence on this sector. A year ago the upmarket clubs accounted for 69 per cent of profits. Now the figure is 52 per cent, with the balance coming from middle and lower market casinos.

London Clubs is also expanding its overseas interests to balance the portfolio. It already has an Egyptian operation and this week it opened the refurbished Casino du Liban in Beirut, a project which is tipped for great things despite its unpropitious surroundings. There will be further opportunities in the UK as a result of the deregulation proposals working their way through Government channels. Possible relaxations include an increase in the number of gaming machines and 13 new permitted areas for casinos.

The proposed relocation of the Ritz casino to larger premises should also increase returns and the group has recently agreed lease terms for new premises for its Rendezvous club. Flat full-year profits of around £33m would put the shares on a forward rating of 21. Still worth holding.

## Imperial warns on 'punitive' duty rises

Magnus Grimond

Imperial Tobacco, Britain's second-biggest cigarette group, warned yesterday that recent "punitive" duty increases would continue to hit the UK market and boost smuggling.

Gareth Davis, chief executive of the group, said already 60 per cent of UK demand for hand-rolling tobacco is supplied through re-exports from the Continent. Sales by Imperial, recently demerged as an independent company from the Hanson conglomerate, along with market leaders Gallaher and European countries like Belgium were immediately being turned round and returned to the UK because of the big tax differential involved, he said. Indeed, he claimed that the third-largest brand in the UK is being sold illegally as the Dutch owners do not own the brand name.

Mr Davis warned that one of the more serious effects of the decision by the Chancellor, Kenneth Clarke, to put another 15p duty on a packet of cigarettes would be to give further

encouragement to the trade.

"Currently smuggling, incidentally hand-rolling tobacco, is costing the Exchequer £250 million a year," he said.

Meanwhile, the UK market for the home market has fallen 10 per cent since last year, as a result of the duty increases and prompt smokers "down trade" to cheaper brands.

Despite the adverse background, Imperial reported a 5.2 per cent increase in pre-tax profits to £366m in the year to September, its first as an independent entity since being acquired by Hanson 10 years ago.

The profits, which were struck on sales raised 7 per cent to £3.82bn, were described by Mr Davis as "a good achievement in the context of the total market". The shares have been pulled in different directions by bid speculation on the one hand and a law suit brought by lung cancer sufferers on the other since they floated at around 375p in October. Yesterday, they gained 4.5p to 373.5p, although the company was silent on any bid approaches.

Imperial said market share rose from 37.1 to 38.2 per cent in the period, just behind Gallaher on around 39 per cent. Mr Davis said it was the sixth successive year that they had grown profits and market share.

The group now claims three of Britain's top five selling brands in Lambert & Butler, Regal and Superkings. Lambert & Butler had particularly benefited from the move down market by smokers, Mr Davis said, and now accounts for over 11 per cent of the market.

Profits from overseas, an area earmarked for expansion, rose 55 per cent to £70m and now represented 19 per cent of the total, just 5 percentage points below the company's target level for the end of the decade. Volumes grew in both Europe and the Far East.

Mr Davis shrugged off the likely effects of the impending flotation of Gallaher and reiterated his confidence that the company had good defences against the ground-breaking legal action brought by 12 cancer sufferers last month.

## Shareholders reject proposal to break up Greycote's assets

Patrick Toohy

Shareholders in Greycote yesterday rejected a resolution calling for the sale of all the embattled property company's assets.

The break-up proposal, which had been put forward by UK Active Value, a fund which speaks for 10.6 per cent of Greycote, was defeated by 68.4 million votes to 3.6 million.

"This result shows an overwhelming majority against UKAV's proposal," said Michael Beckett, Greycote's chairman. "We can now get back to work without this costly distraction."

Mr Beckett claimed "95 per cent support for our management and its strategy", even

though shareholders owning 54.8 per cent of Greycote's equity voted against the resolution, with 2.9 per cent in favour.

UKAV did not vote on the proposal and Brian Myerson, who runs the fund, did not attend the meeting.

Mr Myerson had already indicated he would abstain in the vote after reaching a deal with Greycote's management to sell one of its trophy properties, Embankment Place in central London. Greycote claims the sale of the building has been planned for many months.

Before the vote Mr Beckett revealed that cost of holding the EGM and its adjournment was about £300,000, equivalent to a 20 per cent increase in the div-

idend. "Even more significantly it has been an enormous and costly diversion of management time and effort," he said.

Despite yesterday's vote, Greycote's future remains uncertain. Last month Moorfield Estates, a rival property group about a quarter of Greycote's size by market capitalisation, tabled proposals for a £214m takeover bid, which Greycote is resisting.

Moorfield wants to demerge two of Greycote's biggest investment properties – Embankment Place and 123 Buckingham Palace Road, also in central London – into a company with a separate listing.

Last month Greycote rejected outline proposals sent by Moorfield.

### IN BRIEF

• Northern Ireland Electricity said buoyant economic growth in the Province accounted for a 9 per cent growth in profits to £52m, and a rise in turnover of 11 per cent for the six months to September. The dividend was raised 10 per cent to 5.5p. David Jefferies, chairman, warned that a recommendation on pricing due from the MMC "will have an impact on our future income".

• Mercury Communications, Cable & Wireless' UK subsidiary, said it was the first national operator to reach agreement with BT over number portability. Customers who want to connect directly to the Mercury network will soon be able to do so without having to change their telephone number. Mercury said: "Number portability will liberate customers and enable them to move to whichever company offers the best service for them."

• Premiership football club Aston Villa intends to float on the London stock market, joining other clubs such as Manchester United which have prospered from a listing. Shares in Aston Villa, headed by Doug Ellis, are traded privately at £560, valuing the club at £50m. The Birmingham club is inviting City banks to tender for advising on the float. It is thought Mr Ellis is keen to reduce his holding in the club, which he has invested in for some time.

• Ransomes, the Ipswich-based grass cutting equipment group, warned that the strength of sterling may hit its overseas profits, while its consumer business was not recovering as quickly as expected. The company, which has been undergoing a corporate revival led by its chief executive, Peter Wilson, said profits had jumped from £9.22m to £12.8m in the year to September. Profits in the consumer side slumped from £483,000 to £100,000. After paying its first interim dividend for five years in 1996, a 0.75p final takes the annual total to 1.25p.

• Hodder Headline, the publishing group, has appointed Christopher Weston chairman. Mr Weston is currently chairman and chief executive of Phillips, Son and Neale, the auctioneers. He replaces Lord Donoughmore, the father of chief executive Tim Hely Hutchinson, who is retiring.

• Alvis, the defence to optics group, said it had "substantially reduced" losses at its transmission business as it announced a 50 per cent increase in the dividend yesterday. The chairman, Nick Prest, said both the order book and the balance sheet were strong and the management team improved. Even so, pre-tax profits just edged ahead from £8.74m to £8.88m in the year to September. A final dividend of 2p makes 3p for the year, up from 2p.

• Denby, the pottery-ware group, said overseas sales had risen by around 60 per cent for the second year running and now accounted for 40 per cent of the total. The company said it was "taking appropriate measures" to limit the impact of sterling's recent strength. Pre-tax profits jumped 28 per cent to £6.08m in the year to September and the company said its leading market position left it well placed to benefit from any upturn in UK consumer spending.

• Philip Harris, a maker of laboratory equipment and pharmaceutical products, expects a strong performance for its full year. Reporting interim profits to September boosted 45 per cent to £1.7m, the group said the second half would be busy with deliveries in fulfilment of contracts with J Sainsbury and for an Indonesian project. The half-way dividend rises 22 per cent to 3p.

## Drop in asset value mars MEPC results

MEPC, the property group, yesterday announced a 14 per cent increase in annual pre-tax profits to £140m but said that a write-down on a Los Angeles shopping mall had reduced its net asset value from 457p to 450p per share.

Investors were disappointed by the fall in the net asset value, resulting in a 12p drop in MEPC's share price to 440.5p.

James Tuckey, chief executive, said: "We feel very confident about the whole of the profit statement. The only slight disappointment is on the net asset value side." Earnings per share rose 9 per cent to 22.9p and the total dividend was held at 20p.

Mr Tuckey said the drop in the net asset value reflected a marginal fall in values both in the UK and elsewhere. However, he added: "We feel that the performance of our UK portfolio, which accounts for 70 per cent of the group, is indeed where we would have expected it to be."

He said the valuation date for the portfolio was 31 August and there had been more activity and evidence of an improved market since then. "If we revalued the valuation for 1 December, we would probably get a different answer."

The other factor which had brought the net asset value down was the £31m write-down on the valuation of Northridge Mall in Los Angeles. The write-down is equivalent to 7.5p per share.

"We are convinced this is a temporary write-down because the centre is still getting back on its feet after the earthquake some three years ago."

"We are quite confident we will get that value back in the next two to three years as the centre re-establishes itself," Mr Tuckey said.

He defended MEPC's decision to give a target net asset value of 690p per share for 2001. "We're sticking our necks out. The portfolio is very, very different from what it was three years ago and what we're trying to do is give shareholders some feel of where we think the performance is going to be in five years' time," he said.

Mr Tuckey said the full impact of the change of strategy in MEPC's portfolio would take time but there would be progress towards the firm's targets each year.

He said there was a much firmer tone to the markets, particularly in Britain over the past few months. Apart from Northridge, the rest of the US portfolio had performed "extremely well".

MEPC plans to keep the lion's share of its portfolio in Britain, with the remainder in the US and Australia. It has wound down its European portfolio and has no plans to go back into continental Europe in the immediate future.

Mr Tuckey said the group was keen to make acquisitions with the proceeds of its European disposals, but there was a shortage of good stock available, particularly in Britain.

While MEPC has resolved to increase the dividend paid to shareholders, Mr Tuckey could not predict when it would be raised, although he pointed out that dividend cover had improved to 1.15 times from 1.05 a year before.



Racing ahead: Returning to its Scalextric and model railway roots has brought benefits for Hornby

## Hornby profits from return to tradition

Nigel Cope

Hornby, the toy company, has benefited from its return to its model-railway and Scalextric roots with a sharp increase in profits for the six months to September.

However, the shares drifted into the sideways with a 7p drop to 244.5p on a cautious Christmas trading statement. Peter Newey, chairman, said: "It must

be pointed out that parts of the retail sector have expressed concern regarding the current level of pre-Christmas trading and that demand in January to March of this year was particularly strong because of the sell-through of our products during Christmas 1995 which may not be repeated next year."

The downbeat statement comes just a day after Kingfisher said its Woolworths stores were

enjoying healthy toy sales.

Mr Newey was speaking as Hornby announced profits of £1.1m in the six months to September compared with £272,000 in the same period last year. They were damaged by losses in former subsidiaries such as the Fletcher speedboat business, which was sold in February.

Hornby's agreement with Nikko to distribute its radio-controlled model cars has been

terminated as the group wants to take control of its own UK distribution. Group sales were down from £13.7m to £13.1m. However, sales of higher-margin railway and Scalextric were 15 per cent above the first half of last year.

Alan Cox is standing down as finance director. He will be replaced by John Stansfield, presently finance director of Hornby Hobbies.

## Sedgwick criticised after board reshuffle

The City reacted unfavourably to a top-management reshuffle by Sedgwick Group yesterday, saying the insurance brokers should have brought in more new blood.

Sedgwick named Rob White-Cooper to succeed Saxon Riley as chief executive. Mr White-Cooper, currently vice-chairman, has been a director of Sedgwick since 1987.

Analysts said insurance brokers need to change the way they approach business and Sedgwick should have used this appointment to get new people on board to aid in this process.

"It's a great pity that they haven't taken the opportunity to get someone from outside," said Robin Savage, an analyst

at Crédit Lyonnais Laing. "The real danger is that we end up with absolutely no change. The brokers have to change if they're going to make a future for themselves."

Insurance brokers have seen their pool of customers shrink as those purchasing insurance go direct to insurers to buy policies, cutting out the broker as middleman.

Lord Fanshawe, who will be 70 next March, will retire as chairman at Sedgwick's annual general meeting in April. He will be succeeded by Mr Riley, who has been chief executive since 1992 and a director of the company since 1985. Lord Fanshawe will remain on the board as a non-executive director.

| Company Results         |                 |                 |                 |               |
|-------------------------|-----------------|-----------------|-----------------|---------------|
|                         | Turnover £      | Pre-tax £       | EPS             | Dividend      |
| Admiralty (Q)           | 25.4m (22.1m)   | 0.19m (0.08m)   | 0.5p (0.3p)     | 1.5p (1.2p)   |
| Admiralty (P)           | 41.2m (39.0m)   | 2.52m (1.8m)    | 6.0p (4.4p)     | 1.5p (1.2p)   |
| Alvis (Q)               | 30.4m (10.7m)   | 0.84m (0.73m)   | 10.1p (10p)     | 3p (3p)       |
| Alvis (P)               | 181m (137m)     | 9.6m (8.8m)     | 24.25p (22.97p) | 2.5p (2.1p)   |
| Amey (Q)                | 33.1m (25.8m)   | 0.69m (4.76m)   | 12.2p (11.6p)   | 4.05p (3.49p) |
| Amey (P)                | 48.9m (37.3m)   | 0.53m (0.03m)   | 9.9p (7.5p)     | 2.65p (2.3p)  |
| Anglo International (Q) | 48.9m (37.3m)   | 0.53m (0.03m)   | 9.9p (7.5p)     | 2.65p (2.3p)  |
| Anglo International (P) | 16.1m (14.4m)   | 0.38m (0.38m)   | 4.8p (7.8p)     | 2.5p (2.5p)   |
| Anglo (Q)               | 9.97m (8.02m)   | 0.38m (0.38m)   | 2.4p (2.4p)     | 1.5p (1.5p)   |
| Anglo (P)               | 145.9m (133.7m) | 15.4m (14.6m)   | 25.3p (22.9p)   | 6.8p (6.8p)   |
| ASUS (Q)                | 1.21m (1.20m)   | 25.8m (25.8m)   | 15.5p (13.7p)   | 5.8p (5.8p)   |
| ASUS (P)                | 67.0m (56.0m)   | 1.75m (1.75m)   | 10.5p (7.14p)   | 3p (2.5p)     |
| Avon (Q)                | 13.1m (15.1m)   | 1.16m (0.35m)   | 10.5p (10.5p)   | 2p (2p)       |
| Avon (P)                | 147.1m (174.5m) | 19.63m (18.75m) | 9.53p (11.22p)  | 2.2p (3p)     |
| BT (Q)                  | 25.4m (20.1m)   | 11.1m (1.32.4m) | 32.5p (1.44p)   | 0p (1p)       |
| BT (P)                  | 1.4m (1.2m)     | 22.7p (27p)     | 25p (25p)       | 0p (0p)       |
| Carroll (Q)             | 42.0m (32.1m)   | 2.03m (1.70m)   | 12.42p (10.5p)  | 3p (2.5p)     |
| Carroll (P)             | 236m (121m)     | 52.0m (47.7m)   | 28.7p (24.3p)   | 5.8p (5p)     |
| Central Finance Co (Q)  | 1.25m (1.60m)   | 0.74m (4.04m)   | 1.42p (1.42p)   | 0p (0p)       |
| Central Finance Co (P)  | 67.1m (63.3m)   | 3.56m (3.1m)    | 4.9p (4.3p)     | 2p (2p)       |
| Chambers (Q)            | 196m (190m)     | 12.8m (9.22m)   | 4.3p (3.1p)     | 1.25p (1p)    |
| Chambers (P)            | 28.6m (23.8m)   | 2.61m (4.46m)   | 22.5p (18.5p)   | 7.3p (7.3p)   |
| City (Q)                | 39.4m (25.3m)   | 2.6m (1.8m)     | 6.75p (6.5p)    | 2p (1.8p)     |
| City (P)                | 78.1m (60.7m)   | 6.12m (3.55m)   | 17.7p (17.4p)   | 5p (5p)       |

(Q) - First (P) - Interim (P) - Pps on mbs, comparisons last year

## STROUD & SWINDON

### NOTICE OF INTEREST RATE CHANGE

The variable rate of mortgage interest will increase by 0.26% from 7th December 1996. The effect of this change will be included in the Annual Update of payments in January 1997.

Head Office: Rowcroft, Stroud, Gloucestershire GL5 3BG. Tel: (01453) 757011

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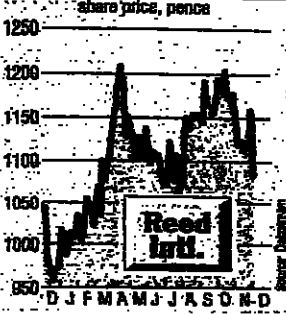
## market report / shares

## City chooses not to believe the hype from Reed

## Data Bank

FTSE 100  
4051.2 +6.0  
FTSE 250  
4435.8 +13.9  
FTSE 350  
2012.2 +3.7  
SEAQ VOLUME  
910.8m shares,  
37,242 bargains  
Gilt Index  
95.11 -0.30

## Share spotlight



Reed International, the Anglo-Dutch publishing giant, managed to get the stock market into a rare old tizzy. As news flashed around that an encouraging trading up-date was about to materialise the shares were pushed 37p higher to 1,188.5p. But the words failed to live up to expectations. Indeed, the market took the view Reed was, ever so discreetly, attempting to flag a profits warning. Such talk as we are positioned strongly to take full advantage of growth possibilities fell on deaf ears as the market concentrated on comments about sterling's strength and the likelihood current year's figures will not include any takeover benefits. Not, perhaps, surprising Reed shares should take flight and end the session down 64p at 1,087.5p. The Reed anxiety was echoed by some other media

shares. Pearson, for example, fell 4p to 711.5p. The rest of the market enjoyed an almost indifferent day. Footsie, at one time seemed intent on surging to new highs. In morning trade it was up 30.8 points, indicating a record display could be on the cards. It was not to be. In the event the index gain was a rather unremarkable 6 points at 4,051.2 points, leaving the earlier 4,073.1 peak unchallenged. Prudential Corporation remained a speculative counter. The group, up 9.5p to 300.5p, a peak, is seen as the central plank in the long rumoured changes in the financial services industry. There have been long running rumours that Abbey National and the Pru plan a deal. Abbey shares fell 6.5p to 700p. A number of other possibilities are exercising some of

## MARKET REPORT

## DEREK PAIN

stock market reporter of the year

the more alert minds. There is a strong suspicion Commercial Union is in a predators' sights. The shares gained 8p to 677.5p after at one time recording a 22.5p advance. CU's strength occurs at the time the BAT Industries break-up stories are once again being given a whirl. BAT to bid for Imperial Tobacco and then to float its financial side is a thought which has for long occupied a number of the more astute market minds. BAT, on an unofficial level, has tended to dismiss the bid stories. But like so many market rumours the BAT deal commands a certain amount of logic. Hence the sneaking

suspicion something is in the wind. PowerGen, the generator, jumped 17.5p to 589p as it completed its 5 per cent buy back, through UBS and Kleinwort Benson. There were suggestions the deal was completed at 605p. No such price appeared on the dealing screens. But if PG did pay such a top heavy price for its own shares then it could only support the arguments that a special dividend is far more even handed. After all, the best PG's price of the day was 589p, thereby leaving private shareholders, unlikely to be privy to the share buy-back, once again out in the cold. National Power,

which produced a 100p special dividend for all shareholders, rose 11.5p to 458.5p. British Gas was, for once, in control. It shares faced 3.5p to 217.5p after it confirmed its proposed merger and a deal over its take and pay North Sea contracts. BTR fell a further 1p to 230.5p as the market fretted about the non-appearance of the expected trading statement. Latest word from the rumour mill is that the anxiously awaited statement could appear today. Forward Technology, an electronics group, slumped 11.5p to 27.5p following a profits warning but Graden, a building materials group, jumped 34p to 159.5p on the £32.9m bid from the Headlam group. JN Nicholls, the soft drink group, was another indulging in a share buy-back. It picked up 300,000 of its

shares at 182p, leaving the price just 1p lower at 182.54p. Betacom, the electrical group where Alan Sugar has taken over as chairman, jumped 5.5p to 28.5p. There are suggestions the Tottenham Hotspur chief intends to use Betacom as his main electronics vehicle with his long established first love, Amstrad, reduced to a supporting roll. Meanwhile Manchester United hit a peak of 583.5p following the European Cup victory. Merrill Lynch, the company's stockbroker, quickly but modestly upgraded this year's forecast to £24m but should the Euro victory be completed it is, it said, a question of "oooh, la Cantona". Ladbrokes, the betting and hotels group, continued its merry gallop as its encouraging US casino prospects attracted more support, lifting the shares 7p to 214p in busy trading.

It looks as though Bruncliffe Aggregates could attract a bid from Bardon. Itself a long-running takeover candidate, Bardon has taken the trouble to take an option on a 14.99 per cent Bruncliffe equity stake. It has also acquired an option on convertible stock which could lift its interest to 20 per cent. The options expire early next year. Bruncliffe has for long been in dispute with former directors and it would appear they have provided the Bardon options. Bruncliffe shares edged ahead 1p to 26.5p. Cadcentre enjoyed a spectacular debut. Placed at 200p the shares closed at 240.5p. The company makes a system to aid the 3D design of process and power plants. It placed 38.2 per cent of its capital, raising £7.2m.

## Taking Stock

## Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price-earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Other details: 1. Ex rights 2. Ex dividend 3. Ex all 4. Unlisted Securities Market 5. Suspended 6. Partly Paid 7. Nil Paid Shares 8. A.M. Stock Source: FT Information

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## Market leaders: Top 20 volumes

| Stock           | Vol    | Stock           | Vol    | Stock           | Vol    | Stock           | Vol    |
|-----------------|--------|-----------------|--------|-----------------|--------|-----------------|--------|
| Shell           | 300000 | Lloyds          | 100000 | British Gas     | 100000 | British Airways | 100000 |
| British Airways | 100000 | British Airways | 100000 | British Airways | 100000 | British Airways | 100000 |
| British Airways | 100000 | British Airways | 100000 | British Airways | 100000 | British Airways | 100000 |

## FTSE 100 index hour by hour

|                      |                      |                     |
|----------------------|----------------------|---------------------|
| Open 4044.1 down 11  | 11.00 4055.5 up 11.3 | 15.00 4063.3 up 7.8 |
| 08.00 4052.5 up 7.3  | 12.00 4071.5 up 28.9 | 16.00 4072.6 up 1.1 |
| 10.00 4062.2 up 21.0 | 13.00 4070.9 up 25.7 | Close 4051.2 up 6.0 |

| Stock           | Price | Change | Stock           | Price | Change |
|-----------------|-------|--------|-----------------|-------|--------|
| Shell           | 458.5 | +11.5  | British Gas     | 217.5 | +3.5   |
| British Gas     | 217.5 | +3.5   | British Airways | 100.0 | +0.0   |
| British Airways | 100.0 | +0.0   | British Airways | 100.0 | +0.0   |

| Stock           | Price | Change | Stock           | Price | Change |
|-----------------|-------|--------|-----------------|-------|--------|
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| British Gas     | 217.5 | +3.5   | British Airways | 100.0 | +0.0   |
| British Airways | 100.0 | +0.0   | British Airways | 100.0 | +0.0   |

| Stock           | Price | Change | Stock           | Price | Change |
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| British Gas     | 217.5 | +3.5   | British Airways | 100.0 | +0.0   |
| British Airways | 100.0 | +0.0   | British Airways | 100.0 | +0.0   |

| Stock           | Price | Change | Stock           | Price | Change |
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| British Airways | 100.0 | +0.0   | British Airways | 100.0 | +0.0   |

| Stock           | Price | Change | Stock           | Price | Change |
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| British Gas     | 217.5 | +3.5   | British Airways | 100.0 | +0.0   |
| British Airways | 100.0 | +0.0   | British Airways | 100.0 | +0.0   |

| Stock           | Price | Change | Stock           | Price | Change |
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| British Airways | 100.0 | +0.0   | British Airways | 100.0 | +0.0   |

| Stock           | Price | Change | Stock           | Price | Change |
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| British Airways | 100.0 | +0.0   | British Airways | 100.0 | +0.0   |

| Stock           | Price | Change | Stock           | Price | Change |
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| British Airways | 100.0 | +0.0   | British Airways | 100.0 | +0.0   |

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|-----------------|-------|--------|-----------------|-------|--------|
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| British Airways | 100.0 | +0.0   | British Airways | 100.0 | +0.0   |

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| British Airways | 100.0 | +0.0   | British Airways | 100.0 | +0.0   |

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| British Airways | 100.0 | +0.0   | British Airways | 100.0 | +0.0   |



## business

# First profits fall at GUS in 48 years

Nigel Cope

Great Universal Stores, the mail order giant, reported its first profits fall for 48 years yesterday after a sharp decline in its UK mail order operations which includes the Kay's and Marshall Ward catalogues.

GUS's shares dropped 25.5p to 651.5p on news of the decline and a gloomy current trading statement which said conditions in the home shopping division "continue to be difficult".

However, analysts in the City turned their attentions towards possible mail order acquisitions under new GUS chairman Lord Wolfson, who also heads Next.

Lord Wolfson said GUS would be interested in buying Freeman's, Britain's third-largest mail order company recently put up for sale by Sears. But he indicated such a deal might fall foul of the competition authorities because of GUS's leading position in the UK mail order market.

"Clearly GUS would have to say they were interested in the possibility of buying a mail order company in the UK. We certainly believe the market is going to consolidate," he said.

Lord Wolfson said he was keen to develop direct catalogues to balance the group's traditional mail order business which is conducted via huge catalogues and an army of 3.7 million agents. He said: "We believe that over the next 10 years there will be a trend towards smaller catalogues with relatively narrow product ranges. They will not just be niche catalogues but aspirational."

He cited successful examples in the US such as L.L. Bean, J. Crew and Eddie Bauer and said GUS would like to develop a similar business, either from scratch, through a franchise arrangement, or by acquisition. "We are looking at the route to enter that market but we are not going to get there overnight. We

will take the long-term view."

However, it is understood the company was the under-bidder for Innovations, the catalogue group acquired earlier this year by Burton.

GUS's pre-tax profits fell 0.7 per cent to £235.7m in the six months to 30 September. Profits at the UK mail order division fell nearly 20 per cent to £44m due to a decline in service levels and a high churn rate among its agents.

The company is improving its distribution and warehousing systems as well as reducing the number of under-performing agents. GUS is now operating with 250,000 fewer agents than it did last year and is aiming to improve its customer retention and average order size.

"The bubble certainly burst today," said Mees Pierson analyst Nick Bubb. "It didn't make for happy reading but I am intrigued by the emphasis on possible acquisitions."



Lord Wolfson: Analysts are looking out for the next target

Mr Bubb said GUS might try to negotiate with the competition authorities ahead of a bid for Freeman's asking them to view the deal as part of the wider retail sector, not just mail order.

Elsewhere, GUS's Burberry & Scotch House division saw a modest increase in profits with

sales in the UK affected by the loss in sterling which has made goods more expensive for Japanese customers.

At CCN Information systems, which will link up with Experian of the US after last month's £1.1bn deal, profits rose from £10m to £12.6m in the half.

# Stock Exchange shake-up brings in fresh faces

## PEOPLE & BUSINESS



Planetwatcher: NetWest's new spin doctor Terri Collis

The London Stock Exchange has named five new committee heads, including Hector Santos, vice-chairman of UBS, in a comprehensive shake-up aimed at making the executive more responsive to participants in the stock market.

Ian Salter of Société Générale has been appointed as head of the primary markets committee, and Mr Santos head of secondary markets.

These two committees will dominate three smaller ones: Graham Allen of ICI Investment Management will head institutional investors, Nigel Sherlock of Wise Speke will head the private investors committee, and Sir Ian Prosser of Bass heads listed companies.

The shake-up stems from a review set up by LSE chairman John Kemp-Welch last July. The LSE is keenly aware of its out-of-touch image, made worse by the Taurus debacle four years ago and last year's ousting of chief executive Michael Lawrence.

The LSE says the new structure should "square the circle". Here's hoping.

devotion to The Saints - he hails from Winchester in Hampshire - Mr Collis is also known for papering his office with his own photos of Saturn, Jupiter and the Moon.

"I shot them with my Meade SCT 10 inch reflector telescope from the roof terrace of my place in Fimbo, he declares proudly.

No doubt he will be able to read in the stars what is in store for NetWest's public image, which he admits has "room to move forward".

The much publicised fire in the Treasury on Tuesday was a brave man. He's urging clients to buy shares in Tottenham Hotspur.

This despite the fact that Spurs were humiliated 6-1 by Bolton last week in the Coca Cola Cup, and lost 2-0 at home to Liverpool on Monday.

In Nick's "buy" note, he writes: "The financial performance in recent years has been strong despite a lack of success on the pitch and the well publicised boardroom distractions."

How clever of Spurs' chairman Alan Sugar to buy a football club that can get thrashed and still coin it.

John Willcock

# European firms fail to prepare for EMU

Peter Rodgers

Most of Europe's top companies have failed to do any detailed work on preparing for monetary union, according to a survey by KPMG Management Consulting.

Despite this, the finance directors of 301 large companies overwhelmingly expected their home countries would join the single currency. Europe-wide the figure was 93 per cent and in the UK it was 77 per cent.

Furthermore, 56 per cent of all finance directors questioned expected their countries to join in 1999, a figure which shrank to 39 per cent in the UK.

KPMG said 80 per cent of companies had not estimated the costs of adapting to EMU and only 8 per cent had set aside a budget to deal with it. In this

response, the UK is broadly in line with the European average.

Alan Reid, European head of the consultants, said: "The 80 per cent of companies that have failed to undertake such a fundamental estimate have very little time to prepare."

The consultants accused European companies of only considering short-term issues and ignoring the long-term consequences of monetary union.

Vicky Pryce, chief economist, said: "It is astonishing that such a large number of respondents had overlooked the effects of EMU on international marketing strategies."

"It will have a number of serious implications for this area, the most immediate of which is that greater price transparency will make it difficult for goods to be sold at different prices in different countries."

# PKF discloses results to show 38% increase

Roger Trapp

Pannell Kerr Forster, the medium-sized accountancy firm, yesterday became the latest accountancy firm to break with tradition and publish its results. It reported that net profit increased 38 per cent to £15.6m on turnover up from £71.4m to £73.4m.

Managing partner John Wosner, who was one of five partners who earned between £300,000 and £350,000 in the year to the end of April 1996, said the decision to publish was a result of "disclosure becoming an issue of public interest". He said increasing question marks over the financial viability of second-tier firms had also been a factor.

Mr Wosner, who took over

leadership of the firm two years ago, said the improved figures were a result of increasing concentration on profitability rather than fee volume. They demonstrated that a firm such as PKF could be profitable if it was well-managed and good at identifying areas where it could make a contribution, he said.

This year's income will be hit by the loss of an audit fee, worth about £2m, from the engineering group Williams, which has followed other large companies in appointing a big six firm. As a result, the Derby office, which handled that account, will be merged with the Nottingham operation to form an East Midlands office.

But Mr Wosner and his colleagues are confident that the improvement can be continued.

In recent years, it has developed its business advisory and management consultancy areas with a view to being able to add value to the services offered to smaller or companies. "By ensuring we maintain high professional standards and develop advisory services which are attractive to our market, we are assured of a successful business with potential for growth in the future," Mr Wosner told the annual general meeting of partners yesterday.

The figures also show that the average earnings of partners rose from £81,000 last year to £108,000. The improvement has been helped by cost reductions. The number of equity, or profit-sharing, partners has fallen from 140 to 130, though the number of non-equity partners has risen from 11 to 15.

## Foreign Exchange Rates

| Country      | Spot   | 1 month | 3 months | D-Mark | Spot   |
|--------------|--------|---------|----------|--------|--------|
| US           | 1.6716 | 9.7     | 35.35    | 1000   | 0.6432 |
| Canada       | 1.2716 | 54.49   | 164.59   | 13598  | 24.23  |
| Germany      | 2.5302 | 69.61   | 203.33   | 13547  | 30.28  |
| France       | 6.5480 | 27.19   | 84.08    | 5.2522 | 86.81  |
| Italy        | 1.4951 | 31.45   | 103.23   | 5333   | 26.35  |
| Japan        | 160.15 | 95.91   | 281.23   | 6.5479 | 145.47 |
| EU           | 1.315  | 21.18   | 65.41    | 12.94  | 44.45  |
| Belgium      | 36.57  | 15.10   | 42.35    | 32.047 | 7.5    |
| Denmark      | 6.9526 | 222.07  | 655.55   | 5.9355 | 99.78  |
| Netherlands  | 2.2821 | 82.74   | 246.25   | 17438  | 39.37  |
| Ireland      | 0.8854 | 5.1     | 15.10    | 16530  | 6.3    |
| Norway       | 81.837 | 19.49   | 58.25    | 4.5149 | 145.47 |
| Spain        | 21.22  | 9.21    | 27.20    | 50.25  | 40.48  |
| Sweden       | 10.66  | 5.6     | 14.33    | 6.817  | 41.16  |
| Switzerland  | 2.444  | 85.76   | 236.22   | 1374   | 40.37  |
| Australia    | 2.0385 | 10.15   | 32.25    | 12255  | 14.15  |
| Hong Kong    | 12.584 | 93.52   | 280.83   | 77320  | 2.4    |
| Malaysia     | 4.520  | 0.0     | 0.0      | 23.70  | 80.85  |
| New Zealand  | 23.335 | 64.71   | 155.18   | 14215  | 54.46  |
| Saudi Arabia | 6.040  | 0.0     | 0.0      | 37.505 | 1.4    |
| Singapore    | 2.280  | 0.0     | 0.0      | 14.015 | 24.19  |

## Other Spot Rates

| Country   | Spot   | 1 month | 3 months | D-Mark | Spot    |
|-----------|--------|---------|----------|--------|---------|
| Argentina | 12.678 | 0.000   | 0.000    | 73.930 | 0.000   |
| Australia | 1.6702 | 10.394  | 33.850   | 10.394 | 33.850  |
| Brazil    | 1.6848 | 10.394  | 33.850   | 10.394 | 33.850  |
| China     | 1.5455 | 8.303   | 26.340   | 8.303  | 26.340  |
| Egypt     | 5.5401 | 3.401   | 10.394   | 3.401  | 10.394  |
| Finland   | 4.520  | 0.0     | 0.0      | 23.70  | 80.85   |
| Ghana     | 2.7844 | 12.000  | 36.000   | 12.000 | 36.000  |
| Greece    | 3.9800 | 24.400  | 73.200   | 24.400 | 73.200  |
| India     | 58.277 | 35.800  | 107.400  | 35.800 | 107.400 |
| Norway    | 0.8854 | 0.000   | 0.000    | 16.530 | 6.300   |

## Interest Rates

| UK           | 600%     | Germany  | 2.50% | US         | 8.75% | Japan       | 0.50% |
|--------------|----------|----------|-------|------------|-------|-------------|-------|
| Base         | 6.00%    | Discount | 4.50% | Prime      | 5.00% | Discount    | 2.50% |
| Intervention | 3.20%    | Canada   | 5.00% | Fed Funds  | 5.25% | Discount    | 2.50% |
| Italy        | 7.5%     | Prime    | 4.75% | Spain      | 5.00% | Discount    | 2.50% |
| Discount     | 7.5%     | Discount | 5.00% | 1-Day Repo | 5.75% | Switzerland | 3.00% |
| Netherlands  | Discount | Discount | 3.25% | Repo (Avg) | 4.60% | Lombard     | 4.25% |
| Advances     | 2.50%    | Discount | 3.25% |            |       |             |       |

## Bond Yields

| Country   | Yr     | Yield | 10yr   | Yield | Country     | Yr     | Yield | 10yr   | Yield |
|-----------|--------|-------|--------|-------|-------------|--------|-------|--------|-------|
| UK        | 7 1/2% | 7.25  | 7 1/2% | 7.25  | Netherlands | 8 1/2% | 8.25  | 8 1/2% | 8.25  |
| US        | 7 1/2% | 7.25  | 7 1/2% | 7.25  | Spain       | 8 1/2% | 8.25  | 8 1/2% | 8.25  |
| Japan     | 5 1/2% | 5.25  | 5 1/2% | 5.25  | Belgium     | 5 1/2% | 5.25  | 5 1/2% | 5.25  |
| Australia | 5 1/2% | 5.25  | 5 1/2% | 5.25  | Sweden      | 5 1/2% | 5.25  | 5 1/2% | 5.25  |
| Germany   | 5 1/2% | 5.25  | 5 1/2% | 5.25  | Switzerland | 5 1/2% | 5.25  | 5 1/2% | 5.25  |
| France    | 5 1/2% | 5.25  | 5 1/2% | 5.25  | EU OAT      | 5 1/2% | 5.25  | 5 1/2% | 5.25  |

## Money Market Rates

| Country   | Spot   | 1 month | 3 months | 6 months | 1 year |
|-----------|--------|---------|----------|----------|--------|
| UK        | 5 1/2% | 5 1/2%  | 5 1/2%   | 5 1/2%   | 5 1/2% |
| Germany   | 5 1/2% | 5 1/2%  | 5 1/2%   | 5 1/2%   | 5 1/2% |
| US        | 5 1/2% | 5 1/2%  | 5 1/2%   | 5 1/2%   | 5 1/2% |
| Japan     | 5 1/2% | 5 1/2%  | 5 1/2%   | 5 1/2%   | 5 1/2% |
| Australia | 5 1/2% | 5 1/2%  | 5 1/2%   | 5 1/2%   | 5 1/2% |
| Germany   | 5 1/2% | 5 1/2%  | 5 1/2%   | 5 1/2%   | 5 1/2% |
| France    | 5 1/2% | 5 1/2%  | 5 1/2%   | 5 1/2%   | 5 1/2% |

## Tourist Rates

| Country      | Spot   | 1 month | 3 months | 6 months | 1 year |
|--------------|--------|---------|----------|----------|--------|
| UK           | 1.6716 | 9.7     | 35.35    | 1000     | 0.6432 |
| Canada       | 1.2716 | 54.49   | 164.59   | 13598    | 24.23  |
| Germany      | 2.5302 | 69.61   | 203.33   | 13547    | 30.28  |
| France       | 6.5480 | 27.19   | 84.08    | 5.2522   | 86.81  |
| Italy        | 1.4951 | 31.45   | 103.23   | 5333     | 26.35  |
| Japan        | 160.15 | 95.91   | 281.23   | 6.5479   | 145.47 |
| EU           | 1.315  | 21.18   | 65.41    | 12.94    | 44.45  |
| Belgium      | 36.57  | 15.10   | 42.35    | 32.047   | 7.5    |
| Denmark      | 6.9526 | 222.07  | 655.55   | 5.9355   | 99.78  |
| Netherlands  | 2.2821 | 82.74   | 246.25   | 17438    | 39.37  |
| Ireland      | 0.8854 | 5.1     | 15.10    | 16530    | 6.3    |
| Norway       | 81.837 | 19.49   | 58.25    | 4.5149   | 145.47 |
| Spain        | 21.22  | 9.21    | 27.20    | 50.25    | 40.48  |
| Sweden       | 10.66  | 5.6     | 14.33    | 6.817    | 41.16  |
| Switzerland  | 2.444  | 85.76   | 236.22   | 1374     | 40.37  |
| Australia    | 2.0385 | 10.15   | 32.25    | 12255    | 14.15  |
| Hong Kong    | 12.584 | 93.52   | 280.83   | 77320    | 2.4    |
| Malaysia     | 4.520  | 0.0     | 0.0      | 23.70    | 80.85  |
| New Zealand  | 23.335 | 64.71   | 155.18   | 14215    | 54.46  |
| Saudi Arabia | 6.040  | 0.0     | 0.0      | 37.505   | 1.4    |
| Singapore    | 2.280  | 0.0     | 0.0      | 14.015   | 24.19  |

## Liffe Financial Futures

| Contract           | Settlement | High/Low | Open  |
|--------------------|------------|----------|-------|
| UK Govt Bond       | 10.15      | 10.15    | 10.15 |
| US Govt Bond       | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |

## Liffe FTSE Index Option

| Contract           | Settlement | High/Low | Open  |
|--------------------|------------|----------|-------|
| UK Govt Bond       | 10.15      | 10.15    | 10.15 |
| US Govt Bond       | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |

## Commodity Indices

| Contract           | Settlement | High/Low | Open  |
|--------------------|------------|----------|-------|
| UK Govt Bond       | 10.15      | 10.15    | 10.15 |
| US Govt Bond       | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |

## Industrial Metals

| Contract           | Settlement | High/Low | Open  |
|--------------------|------------|----------|-------|
| UK Govt Bond       | 10.15      | 10.15    | 10.15 |
| US Govt Bond       | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
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| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |

## Precious Metals

| Contract           | Settlement | High/Low | Open  |
|--------------------|------------|----------|-------|
| UK Govt Bond       | 10.15      | 10.15    | 10.15 |
| US Govt Bond       | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |

## Other Softs

| Contract           | Settlement | High/Low | Open  |
|--------------------|------------|----------|-------|
| UK Govt Bond       | 10.15      | 10.15    | 10.15 |
| US Govt Bond       | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
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| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |
| 3-Month Eurodollar | 10.15      | 10.15    | 10.15 |

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# McCourt unveils detailed plans for Sister Stephanie

**Racing**  
**GREG WOOD**

Chepstow racecourse has already provided Graham McCourt with one of the most frustrating moments of his short training career, when his chaser Sister Stephanie fell at the last fence in a valuable novice chase, but he clearly harbours no superstitious aversion to the track. The very same mare, the standard bearer for his yard, will return there tomorrow for the Rehearsal Chase and, perhaps, for the Welsh National in three weeks' time. On her broad shoulders rests a heavy burden of expectation.

"I honestly believe there is a National-type race in her," McCourt said yesterday, "whether it be the Welsh, the Midlands, or the big National if the ground came up soft. But then you've got to be bloody lucky to get to where you think your target is. Last year it was the race at Chepstow, we'd avoided this and that race and tried to avoid the handicapper. We thought we'd got it right, she got to the

last upstarts another good horse, and suddenly they're both on the floor and the plan's gone."

Sister Stephanie has already worked her way into affections both at McCourt's yard and beyond, and attracted plenty of support in William Hill's Welsh National last year, forcing a price cut from 14-1 to 12-1. Her backers will hope for a strong performance in tomorrow's limited handicap, but need not be too disappointed if victory is beyond her. "She's going to Chepstow simply to get a run under her belt before her Christmas target," McCourt said. "I'd be pleased if she won because she'd have made the transition from ordinary horse to good horse in one bold jump. But while I expect her to run a very tidy race, I can't, with my hand on my heart, see her winning."

Neither, somewhat worry-

ingly for her ante-post backers, does McCourt necessarily see Sister Stephanie returning to Chepstow on 27 December. "Her main target is to have a run, put her on the button without having a hard race, and then coming up roses for either the Welsh National or the Paddy Power Chase at Leopardstown," he says. "The Irish race is worth only £40,000, and it might be an easier race over there, so she'll go wherever I think she has the best chance. But she must have soft ground, and she'll be sure to get that at Chepstow."

McCourt can be forgiven for taking such care over his mare's schedule, since one good horse can be enough to kick a young trainer's career path into a sharp upward curve. "She is a real star for us, and we love her to bits. She's a big, imposing old bird and everybody seems to know her. I was riding around in town and Captain Foster came up and said, 'Is that her?' It's something when the Captain says something like that with all the good horses he's had."

The same Captain Foster is

well known for viewing Flat racing with thinly veiled disdain, but even he may appreciate the efforts of his summer counterparts on Britain's behalf on Sunday. Several of our top trainers will be represented at Hong Kong's valuable International meeting at Sha Tin, and there will be disappointment if all return empty-handed.

Ed Dunlop's hitmaker, winner of the Haydock Park Sprint Cup, was backed from 5-1 to 7-2 with Victor Chandler yesterday to land the International Bowl, while Tagula, trained by Ian Balding, is also prominent in the betting for what will be his final race. Frankie Dettori, who will partner Tagula, has already ridden a winner at Happy Valley this week and is looking forward to Sunday's card. "I'm delighted to be back, I'm flying and I can't wait," he said yesterday.

Dettori will also ride Needle Gun (Cup) and Luso (Vase) for Clive Brittain, while First Island, in the Cup, is another British challenger. Both will need to be at their peak to master Da Hoss, Michael Dickinson's Breeders' Cup Mile winner.

## Flockton appeal fails

Kenneth Richardson yesterday lost an appeal against his conviction for masterminding one of the most famous swindles in racing history—the swapping of two-year-old Flockton Grey for an almost identical three-year-old at Leicester in 1982. The "ringer" came in 20 lengths ahead of the field at 10-1.

The Court of Appeal reject-

ed a challenge by Richardson and two associates, Colin Mathison and Peter Boddy, against a 1984 jury verdict that they were guilty of conspiring to defraud bookmakers.

Richardson stood to gain £36,000 from the coup, but instead was given a nine-month suspended sentence and fined £20,000 at the original trial.

## Cochrane calls the police

Ray Cochrane, reported missing 12 days ago, has telephoned Cambridgeshire police to inform them that he is safe and well. However, he refused to tell them where he was.

A police spokesman said the missing-person file would remain open until Cochrane, 39, was seen by officers in person. The jockey, who won the

1988 Derby on Kahyasi, was reported missing from his home at Swaffham Prior, near Newmarket by his wife, Anne.

Cochrane's booking agent and brother-in-law, Andrew Gilbert, said yesterday: "It is purely and utterly a domestic dispute. He went away wanting a bit of time to himself, that's all. He is fit and well."



## Falls emphasise fund's worth

"On the Gallop" by Malcolm Coward, distinguishes the front of this year's Injured Jockeys Fund Christmas card, the fund's chief source of revenue. In a year which has claimed the life of one jockey, Richard Davis, in a racecourse fall, and at a time when two of the leading riders over jumps, Mark Weyer and Loran Weyer, are out of action because of se-

rious injury, the risks which riders take and the need of a fund to support them remain all too vividly clear. Dwyer, whose arm was smashed in a fall at Kelso on Monday, has been weaned off painkillers and was allowed home from hospital yesterday. Weyer is determined to ride again after a fall and a kicking at Aintree a fortnight ago left

him with multiple facial injuries. "Half an inch difference and I could have lost an eye," he said. Available with the cards, which cost £4.50 per pack of 10, are calendars (£6 each), ties (£10), tote bags (£7). Orders should go to the Injured Jockeys Co Ltd, 29 Mill Lane, Welwyn, Herts. AL6 9EU. Telephone: (01438) 715430. Fax: (01438) 715715.

## Players to fight over quota

**Rugby League**  
**DAVE HADFIELD**

The Rugby League Players' Association is to fight the expansion of the overseas quota to six per club. The change was approved by the Rugby League Council on Wednesday, but the players' union chairman, Nick Grimoldi, describes his members as "up in arms" over the issue.

"We believe that it is a disaster in both the long and the short term," Grimoldi said. "As players come off the quota after five years in Britain, clubs will have more than six imports on their books."

"It is going to cut off opportunities for a whole generation of British players and it is only being driven from Australia in order to fit up their surplus players."

The Association is consulted by the Department of Employment over new applications for work permits.

"We will not give our backing to any of the new applicants," said Grimoldi, who has been trying to arrange a meeting with the League's chief executive, Maurice Lindsay, to discuss his members' concerns.

Wigan confirmed yesterday that they are in negotiations with Wasp which could lead to Valaia Tuigamala staying with the union club until the end of their Courage League season.

Warrington, who have broken off talks with St Helens over the sale of Iestyn Harris, have the League's backing in their bid to sign the New Zealand Test forward, Tony Taitupu. Halifax also claim to have signed the player, but Lindsay said that, in the absence of any evidence, Warrington's registration of the player was regarded as valid.

## New coach provides a boost

**Rowing**  
**HUGH MATHESON**

Britain's lightweight rowers were boosted yesterday when the appointment of Sean Bowden as the new national coach was announced. Bowden took the lightweight eight to the world championship in 1989 and was then transferred to the heavyweight crew for Atlanta. In his absence the performance of the lightweighters slumped: the Olympic double finished 12th and the coxless four 10th, though this failure was, in part, due to the lack of an experienced lightweight coach. Bowden, 33, was head coach at Nottinghamshire County, a main source of lightweight talent, from 1989 to 1994.

The other key rowersman, granted to London Rowing Club, these two groups were often divided when there was no single person in charge of the programme. He said "We have proved in the past that composite crews work but we must deal sensitively with the clubs. The challenge will be to get the best out of the talent we know is there."

Bowden's appointment depends on a grant from the Lottery Sports Fund Class Performance Programme and, ideally, continue to the Sydney Olympics. He thinks lightweight performances have improved rapidly since they were admitted to the Olympics and said: "We must organise quickly not to get left behind."

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## sport

## English clubs learn their European lessons

English football turns back to its domestic competitions this weekend bolstered by the rare satisfaction of knowing horizons will be widened again in March.

Manchester United's 2-0 win over Rapid Vienna in Austria on Wednesday night enabled them to join Liverpool and Newcastle in a European quarter-final. United will play Porto in the Champions Cup while Liverpool and Newcastle will discover their opponents when the Cup-winners' Cup and UEFA Cup draws are made next Wednesday.

Not since the 1984-85 season, when Everton, Liverpool, Tottenham and Manchester United all survived the autumn cull, has the English game retained a post-Christmas interest in all three European competitions.

That season will be forever scarred by the tragedy of Heysel,

the repercussions of which led to English clubs being banned from Europe for five years. The footballing impact of that ban became clear only when it was lifted. In the six subsequent seasons the English game provided just seven quarter-finalists – none in the prestigious Champions' Cup. Even Belgium managed nine, while Italy produced 31.

It now appears that English clubs have caught up – at least to the extent where they are competitive. Whether either of the Uniteds go on to win remains in doubt. Liverpool seem the best bet, but the Cup-winners' Cup is the weakest competition (it produced five of the seven English quarter-finalists and one winner, Arsenal, in 1994).

Manchester United speak confidently of hitting their best form in the spring, but they still

## Manchester United's Champions' League success highlights the progress of Premiership clubs. Glenn Moore reports

have a daunting task. Like Juventus, Porto won five and drew one of their six qualifying games; United lost three. Martin Edwards, the United chairman, confirmed yesterday that money was available to strengthen the side. "It is up to the manager – we are more than capable of supporting him," Edwards said. "We don't budget for cup success so anything we get from it is a bonus."

Victory on Wednesday was worth at least £3.5m to United. The three points were worth £500,000 each, there was a £1.2m bonus for qualifying and the home tie with Porto will realise about £800,000 in gate receipts. Then there are all the other

commercial spin-offs. Clubs like West Ham, United's Premiership opponents on Sunday, can only dream of such figures. However, having the money is one thing, spending it another entirely. United can add up to two players to their European squad but they must be signed by 15 January and must not have played in any European competition this season. That rules out Barcelona's Nadal and Ronaldo, Milan's George Weah, and many other leading players – but not Fabrizio Ravanelli.

In the light of Wednesday's injury list, Alex Ferguson may wish to spend immediately. United returned to Manchester Air-

port with Roy Keane on crutches and Nicky Butt and Gary Neville limping. Keane, it emerged, had 19 stitches in a deep cut. Inserting them took nearly an hour. Butt has bruising to his knee, Neville a hamstring strain. Both could be fit for Sunday. Yet, with Phil Neville and Andy Cole already injured, Ronny Johnsen suffering from flu and Gary Pallister still fresh from surgery, United's resources are stretched.

Though those players should be fit by March, there will surely be new injuries. Suspensions are also becoming a danger. Six United players picked up yellow cards in qualifying and UEFA has resisted suggestions to clean the slate for the quarter-finals.

The progress of the Uniteds

and Liverpool has a side benefit which one of the trio could well enjoy. Eight countries, chosen through "co-efficients" based on the last five years in next season's Champions' League, England are ranked seventh, and faced slipping down the table because Manchester United's 1992 Cup-winners' Cup triumph ceases to count after this season. Now they should retain their place (though, given ITV's financial muscle, the formula would probably have been changed if not).

While ITV was relieved to see United progress, Italian television's biggest mogul, Silvio Berlusconi, was shattered by Rosenborg Trondheim's conquest of his Milan team. The Norwegians upset the month-watering (and lucrative) quarter-final pairing of Juventus and

## Rangers may face a short summer

Rangers' top players are facing a close-season break of barely a fortnight next summer if they succeed in landing another attempt at the Champions' League. The Ibrox manager, Walter Smith, yesterday spoke out about the extraordinary demands made on British players after another dismal European campaign.

While he did not offer too many games as an excuse for a fifth defeat in six Champions' League matches – 2-1 at Auxerre on Wednesday – Smith believes no other sport expects top performers to peak so frequently. If, and Smith stressed "if", Rangers win the Scottish title for the ninth successive year in May to equal Celtic's record they are likely to face two Champions' League preliminary rounds.

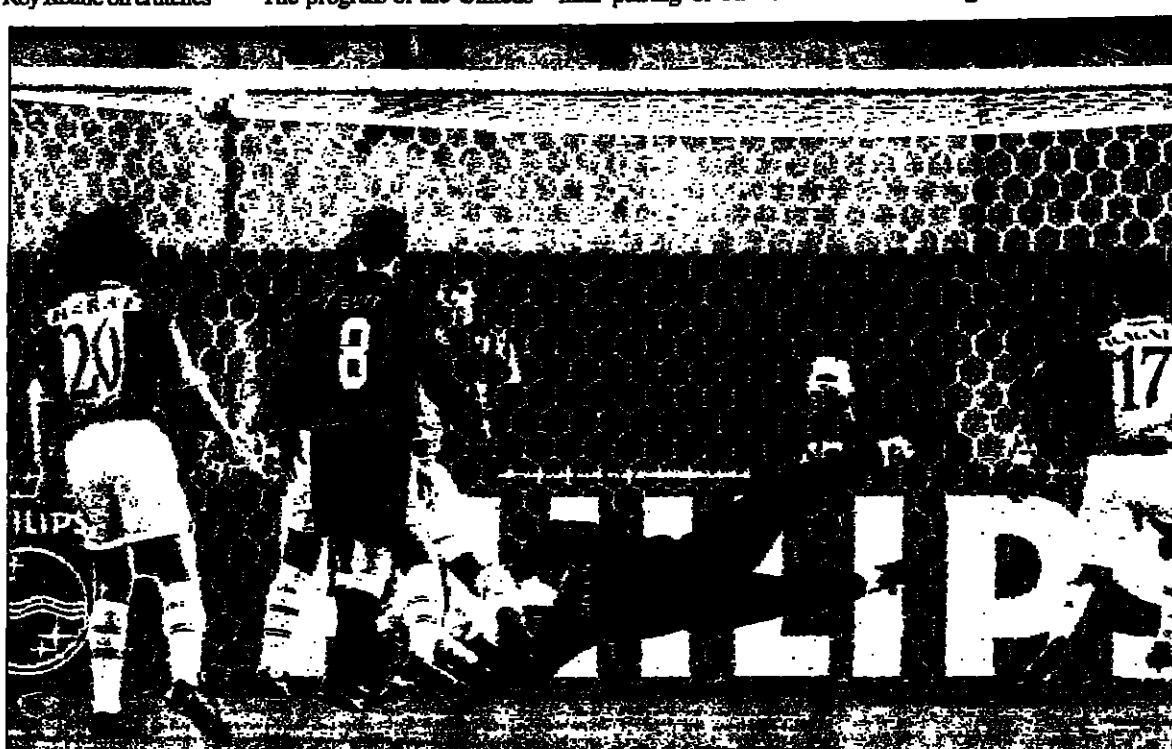
Scotland's recent record in Europe is such that it looks odds-on that UEFA's co-efficient table will condemn the champions to that fate prior to the lucrative group stages. The first leg of the first round is scheduled for 23 July, offering a massive headache for either Glasgow club. Scotland's last World Cup qualifier this season is due in Belarus on 7 June, so there would be just six weeks to cram in a break and pre-season training for the international players.

Rangers scored only five goals in their six Champions' League games, conceding 13 and collecting just a single £500,000 UEFA win bonus to add to ticket, television, advertising and other income.

EUROPEAN CUP Quarter-finals: 1 Borussia Dortmund v Arsenal; 2 Manchester United v Porto; 3 Ajax v Aberdeen; 4 Real Madrid v Tottenham; 5 Juventus v Feyenoord; 6 Lazio v Bayern Munich; 7 Arsenal v Borussia Dortmund; 8 Bayern Munich v Tottenham; 9 Tottenham v Borussia Dortmund; 10 Borussia Dortmund v Arsenal; 11 Arsenal v Borussia Dortmund; 12 Borussia Dortmund v Arsenal.



Peter Schmeichel's stunning dive to keep out Rene Wagner's header in Wednesday night's victory over Rapid Vienna drew comparisons with the celebrated save by Gordon Banks from Pele in the 1970 World Cup. Diving to his right, the Manchester United goalkeeper somehow scooped the ball over the bar as the Austrian team's forwards moved in to capitalise on any rebound. Schmeichel yesterday played down the save. "It was pure luck," he said. "I saw three players in the area who might get a header in so I was ready for it, but it was still just a lucky save."



Photographs: Clive Brunskill/Allsport

## The City critics have Lee on the back foot

GUY HODGSON

There were times when Francis Lee had the care-riden look of a man sitting on a keg of gunpowder. Something might go off, and it was not hard to imagine who the splattered victim would be. Being the chairman of Manchester City has never been easy – yesterday it was well nigh impossible.

It was the club's annual meeting at Maine Road and for PLC you could read plenty of Local Criticism. Words were bandied about like "unhappy" and "depressing" – and those were just the ones that Lee used. The smaller shareholders were about as seething as you would expect from innocent partners in a football disaster which sees a club which likes to regard itself as "big" in the First Division relegation zone and £26m in debt.

There was good news, a rights issue that will provide £10m for transfers and increase the shareholding of "white knights" Stephen Bolger and John Wardle but, if that was designed to deflect the fire, then City's power-brokers were disappointed. "What we see on the pitch is a

disgrace", one man said. Another asked: "When are we going to get a manager?" To cap it all, one supporter reported Nicky Summerbee for swearing at the crowd. Lee, who promised to fine the player if the allegation was true, was by this time looking thoroughly fed up.

"I get blamed if the toilets in the North Stand are blocked," he said, trying to spread the blame, "or if Andy Dible drops the ball. The tabloids have it that everything is Francis Lee's decision but decisions are made at board level. We're a democratic club."

This seemed to strike a chord and his mistake was to expand the theme to lambast wealthy detractors who have not followed up criticism with investment. "We have a lot of people who say they want to put money into the club but when it comes to it they will not put money where their mouth is."

Elliot Rasmussen, the manager of the pop group Simply Red, whom Lee numbered amongst this group, counter-attacked in a manner the players would do well to emulate. "You have made ridiculous decisions," he said by way of an initial hand-

grenade, "like allowing managers to buy players three days before they are sacked. You have brought the club to the brink."

"The people who made this club the fans and they are entitled to criticise until you get it right. Alan Ball [the manager who took City down from the Premiership in May] was a disgrace. You might not think so, but everyone else does."

Lee kept his own counsel about that, although 24 hours after committing his long-term future to the club the non-stop criticism seemed to be hitting home. "Believe me," he said, "I'm as upset as you are. I don't get much pleasure going to football matches these days and I certainly didn't enjoy 25,000 Wolves fans taunting me last weekend. All I can promise is to give it my best endeavours and if that's not good enough we might have to look at it in 12 months."

And what will the club's finances be like if City get relegated this season? "I wouldn't know," Lee replied, "because I'd have jumped off the stand." Judging by yesterday's meeting, he will not be alone.



Greg Fee, Boston United's player-manager, has a long way to go if he is to match the achievements of some of his illustrious predecessors in the York Street hot seat.

Both Howard Wilkinson and Jim Smith served apprenticeships in their profession by managing Boston United, who were one of the country's leading non-League clubs in the 1970s – they won the Northern Premier League on four occasions before the formation of what is now the GM Vauxhall Conference.

Fee's main target is to take the club, known as the Pilgrims, back into the Conference, from which they were relegated in 1993 after an unbroken 14-year stay since its formation. He believes, though, that success in the FA Cup, in which they travel to Chester City for a second-round tie tomorrow, will be a help rather than a hindrance to their League campaign.

"The Cup is a bonus," Fee said yesterday. "It won't last forever, but it gets people motivated. Everyone is enthusiastic and looking forward to our day out in Chester, but the League is what really matters."

Fee feels the confidence generated by FA Cup success can

boost the Pilgrims' progress in the UniBond (Northern Premier) League, in which they occupy fifth place in the Premier Division, seven points behind the leaders, Hyde United, with three games in hand. Boston are desperate to go up this season because of what happened last term, when they finished as runners-up to Bamber Bridge, whose ground was deemed not good enough for the Conference.

Boston would have been promoted – but for the fact that they missed the deadline for submitting their accounts to the Conference. John Blackwell, the club's secretary, admits the responsibility for the administrative error, but in every other way he has served the club admirably since being brought to Boston as trainer by Jim Smith in the early 70s.

Blackwell has been secretary since 1978 and is now also the full-time general manager, safety officer and programme editor. He has taken charge of off-field preparations for the trip to Chester and said yesterday that the atmosphere at the club is "as good as Wembley in 1985", when

## Rupert Metcalf on the challengers to Chester City in the second round

Boston were beaten by Wealdstone in the FA Trophy final. Smith – the "Bald Eagle" – is now the manager of Derby County, who provided the opposition for the Lincolnshire club's two best FA Cup results. In 1955, when Derby were in the Third Division North, Boston won 6-1 at the Baseball Ground, which still stands as the record

win by a non-League team against a League side in the Cup.

Derby were a First Division club when Boston next arrived at the Baseball Ground, for a third-round tie in 1974. Dave Mackay, who was to shepherd the Rams to their second League title of the decade the following season, was agast to see his star-studded team held to a 0-0 draw on their own turf. Reality returned in the replay, however, when an Archie Gemmill hat-trick helped Derby to a 6-1 win at York Street.

Since then, Boston have beaten only one League club in the Cup – Crewe in 1982 – so Chester will be aware that another prize for the Pilgrims is perhaps overdue. One player keen to do well against Kevin Ratcliffe's side is Leroy Chambers, scorer of two goals in Boston's fine 3-0 win over the Conference team Morecambe in the first round, who was released by Chester in the summer.

Boston's two most experienced former League players are Chris Withe, the 33-year-old brother of the former England centre-forward Peter Withe,

who played over 400 games for Newcastle, Bradford City, Notts County, Bury, Mansfield and Shrewsbury, and the player-manager himself.

Fee began his career with Bradford City but dropped down in to the non-League game with Kettering and then, in 1987, Boston. Sheffield Wednesday paid £25,000 to give him a second chance of League football a year later, and he went on to make almost 100 appearances for the Hillsborough club. After a spell with Mansfield, he returned to Boston in 1993 and replaced another former Wednesday defender, Mel Sterland, as manager last summer.

"This is a big job in non-League circles," Fee, who is also employed by BP as a marketing executive, said. He knows that he can launch his reputation as a manager with success against Chester, but he is not changing his normal routine. "We'll play our normal game," he said. "We've got some good players – we've had lots of scouts watching us – and I just hope the players with potential don't under-perform. We're not going there to be rolled over."

With talk like that, Messrs Wilkinson and Smith are probably proud of him already.

Howard Wilkinson (left) and player-manager Jim Smith (right) in their playing days at Boston United in the 1971-72 season



Howard Wilkinson (left) and player-manager Jim Smith (right) in their playing days at Boston United in the 1971-72 season

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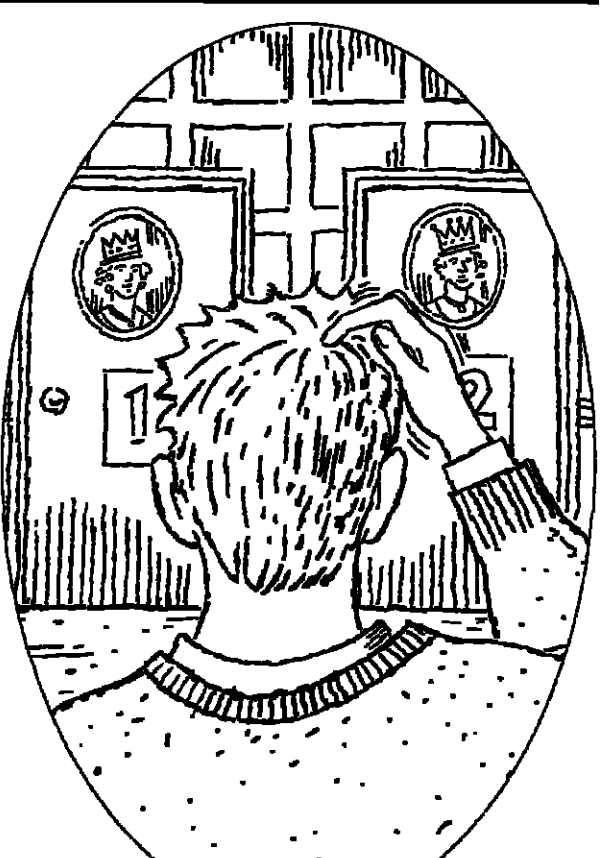
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## Ruddles County Riddles.

## No. 13. Pub Challenge.

For Peter Barneworthy it was a dream come true. He had won the 1996 Hertfordshire Pub Quiz Championship after six gruelling rounds. But his victory was by no means final. He had yet to claim the prize. He was placed in the bar of the Queen's Head Pub in Westcott. There were two doors, each leading to different rooms. Behind one of the doors, lay the prize, a voucher for unlimited access to the love of his life – Ruddles County. The challenge was set. He did not know behind which door (they were marked 1 and 2) lay which prize. Beside each door stood a barman to help him decide which door to choose. However, the catch was that one of the barmen had been instructed to lie, but Peter did not know which. Peter stepped forward, asked one of the men a question, and upon hearing his answer confidently strode through door 1 to claim his voucher. Peter is of course too busy to tell us how he worked out which door to choose. Do you know how he worked it out?



## Netherlands

A night-club complex which hosts the likes of El Weirido Jazz Quartet and Dr Doom has gone to court to stop its name being used by the sparking new stadium that is home to Ajax.

The former European champions were told this week that they could no longer call their stadium the Amsterdam Arena. The venue was opened with great publicity in August, but an Amsterdam court heard that a youth hostel and a night-club complex had claimed the Arena title some four years ago.

In a civil lawsuit, the Village Company argued it had run the Arena budget 600-bed hotel, café and music hall complex since 1992. It complained that, since the Arena's opening, it had received deliveries and bills for the new stadium.

While Ajax have had to refund some season-ticket holders who were given seats with a poor view, the "other" Arena has been inundated with demands for tickets for top events at the new stadium.

An Amsterdam Arena spokesman said they had no plans yet to rename the stadium, despite the threat of a 5,000 guilder (about £1,800) per day fine which is due to come into force in February.

The judgment was a surprise, the spokesman said. "Changing the name would be an enormously costly process, and we're not considering it just at the moment."

## around the world

The Asian Cup, which started this week in the United Arab Emirates, is providing Iraq with one of their rare opportunities to compete in the international football arena.

They have, however, been placed in a first-round group alongside some politically sensitive opponents.

In their first Group B fixture yesterday, Iraq beat Iran 2-1. They must also play Saudi Arabia and Thailand, the outsiders (in every sense). Kuwait, who are in Group A, have said they will withdraw rather than play Iraq in the later stages.

The Asian Cup is Iraq's first major international competition since the United Nations imposed sanctions on the Baghdad government for its invasion of Kuwait in 1990.

The sanctions ban air travel to Iraq, and few international teams have made the arduous 12-hour road journey from Amman, in Jordan, to Baghdad to play against the Iraqis. The

sanctions, which stopped Iraq's oil exports, have also made virtually everything from medicine to food too expensive for many Iraqis.

"The embargo has affected us severely, too," said Naeem Abdul Karim of the Iraqi Football Association. "Our problems range from not getting balls and uniforms due to cash shortages, to not being able to hone our skills against other foreign teams."

Iraq's only preparation for the Asian Cup was a 10-day training session in Romania more than a month ago, and another eight-day spell in Genoa last month. There, the Iraqis beat the Italian Serie A side Sampdoria 1-0. Expenses for both ventures were paid for by wealthy Iraqis living abroad.

Bosnia

The players of the former Yugoslav republic of Bosnia are enjoying their first taste of international football. After wins over Italy, in a friendly, and Slovenia in a World Cup qualifier in their last two games, the Bosnians are now preparing to face Brazil.

Ronaldinho and Giovane, both of Barcelona, will be part of the Brazilian squad called up to face Bosnia. The friendly, on 18 December, will be played in an exotic location: the Amazonian city of Manaus. Truly a long way from Sarajevo.

Rupert Metcalf





**Lessons learned**  
Glenn Moore on English  
progress in Europe, page 30

# sport

**Sir John's rethink**  
Mr Newcastle losing interest  
in rugby union, page 31



Henman: On his way to the semi-finals yesterday

## Henman sets up showdown with Becker

### Tennis

ADRIAN WARNER  
reports from Munich

Tim Henman, serving superbly and showing no sign of nerves until the closing stages, beat American Mali Val Washington 7-6, 6-3 to reach the semi-finals of the Compaq Grand Slam Cup here yesterday, a victory that doubled his prize-money for the year.

The 22-year-old British No 1

is now assured of more than £260,000 from this tournament alone and still has a chance of a winning the first prize of £1m.

But to do that he will have to beat the toughest test of his career: trying to beat the three-times Wimbledon champion, Boris Becker, in a best of five sets semi-final tomorrow.

"This is definitely one of my best victories, indoors or outdoors. I played particularly well in the Czech Open in Ostrava,

but this match is definitely up there with my best performances," said Henman who is relishing the prospect of playing Becker.

"I'm aware of the money. Make no bones about it. But what is more important is that I am playing Boris Becker in his home town over five sets on Saturday and I don't think you can get much better than that."

"Perhaps playing him on the Centre Court at Wimbledon might be better but that is also

his home, according to him."

The German, who sent Switzerland's Jakob Hlasek back into retirement with a quick 6-4, 6-1 victory, is one of the greatest indoor players in history and will have 10,000 partisan spectators willing him to victory.

Henman, however, will not be too concerned. He was not even in this event on Sunday, coming in following the withdrawals of Pete Sampras and Michael Chang. And he has

now beaten Michael Stich, the 1991 Wimbledon champion, and Washington, both in straight sets.

His achievement in reaching the last four of this lucrative event is another fine performance by the most talented player that Britain has produced since Roger Taylor.

Certainly Henman completely outplayed Washington until he missed a match point and then dropped his service when serving for the match at

5-1 in the second set. It was only a temporary blip though Washington pulled back to 3-5.

Henman, serving for the match for a second time, did not make the same mistake. He reached 40-15 and then forced yet another error from a demoralised Washington to win the contest after 75 minutes.

Henman's service was a revelation. It has been improving month by month but today he sent down 19 aces and repeatedly served at more than 130

mph. This is close to Greg Rusedski's fastest deliveries and Rusedski has nothing like the rest of Henman's all-court game.

Even though the first set went to a tie-break Washington always looked the likeliest man to lose it. Henman dropped only five points in six service games in that opening set and then won the tie-break 7-3 after 40 minutes of play.

COMPAG GRAND SLAM CUP PRIZES: Quarter-finals: B Becker (right) vs J Henman (left) 6-4, 6-3; 1 Henman (left) vs Mali Val Washington 7-6, 6-3.

## England tour lurches into disaster zone

### Cricket

MARK BALDWIN  
reports from Harare  
England 197 & 180  
Mashonaland 280 & 98-3  
Mashonaland win by 7 wickets

England's tour of Zimbabwe reached an early crisis point here yesterday as the humiliating seven-wicket defeat against Mashonaland brought into sharp focus the huge problems facing the team.

This winter's tour of Zimbabwe and New Zealand is intended to produce and forge a side capable of taking the Ashes back from Australia next summer. But, 10 days into the trip, two matches have been lost and almost everything has gone wrong for an England side short on confidence and inspiration and arguably denied proper preparation time by the tour planners at Lord's.

The opening four-day fixture finished a day early because England proved unable to build a decent total - not once but twice. Their bowling resources currently seem slim, too, and England now have only a one-day and a four-day fixture with

Matabeleland next week in which to warm up for the international matches against Zimbabwe.

Mike Atherton, the England captain, admitted last night that his team are still "pretty rusty" but he refused to accept that, with hindsight, his players could have done with more cricket preparation before the tour and also more time to acclimatise to the heat and altitude of Zimbabwe.

During a week-long trip to Portugal in early November the England players did not do any batting or bowling practice - with Atherton and the England management insisting that they would be a better and more consistent side in the long run if they were first to improve their basic fitness levels.

Ironically, Atherton's own fitness has been compromised early on by illness and now by back worries - but the 28-year-old Lancashire batsman's main priority now must be to pick his side up after such a poor performance. Mashonaland 1996 will now take its place alongside the many other recent England cricketing embarrassments - although Atherton was quick and quite correct to point out that the

Zimbabwean provincial side featured six Test players and were not "just amateurs and chicken farmers, as some sections of the media are suggesting."

The only England players to gain anything from the match were the spinners, Phil Tufnell and Robert Croft, and the batsman John Crawley, whose 74 yesterday at least gave England hope at one stage of being able to set Mashonaland some sort of target. Crawley's only mistake was to try to hit Gary Brent over mid-off in the last over before tea - a soft end to a 165-ball innings that had included a six and five fours.

England's top-order batting is desperately short of runs, with Atherton and Nick Knight particularly starved with just nine and 16 runs from three innings respectively. "There are lots of things to be worked on and at the moment we need as much cricket as we can get," the captain said. The Mashonaland team rejected an England request for a one-day match to-day, however, and now Atherton's squad will have a full-scale practice match at the nearby Alexandre Sports Ground in Harare.

England A win again, page 31



Mashonaland's Paul Strang traps Nasser Hussain leg before for 39 during England's sorry defeat yesterday

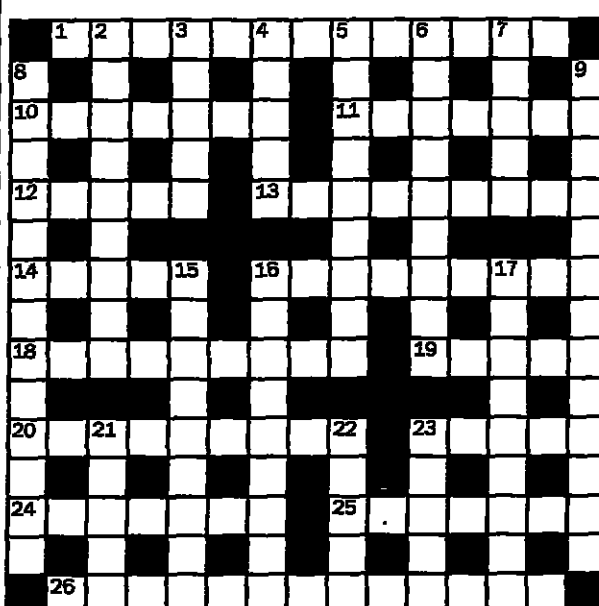
Photograph: Stu Forster/Alisport

### THE INDEPENDENT CROSSWORD

No. 3163, Friday 6 December

By Mass

Thursday's Solution



Across: 1. One always spoiling for a fight? (5, 8) 10. It's enough to make one peer (7) 11. Open quality of vessel to stem (7) 12. Pudding's like oil (5) 13. Farce and bind, getting in drinks (9) 14. Glowing factor in a gem? Beryl? (5) 16. Main (slang) betrayed naval type (9) 18. Endless conjecture? Call in arborist, then (9) 19. With Queen taken, guarantee result (5) 20. Kept off soil in a plot (9) 23. Debt-holding Diamonds is a gambler (5) 24. Send cask back and order more bananas (7)

Down: 2. Artist producing fiddle sound (9) 3. Facing pursuers by sea? (2, 3) 4. Proper Sunday gatherings (5) 5. Figure heard to scuttle and scramble (9) 6. Friendly reception with fish, round North, grilled shad (9) 7. Girl, one set up to skip shortly (5) 8. Little fellow has balance, recipe in virtuous person's control (4-9) 9. Wretched dearth (apparently) round East? (6-7) 15. Pump again? Note one found in defunct colliery (2-7) 16. Disciplined under Col's heel (9) 17. It gave one quite a turn or two (5, 4) 21. Bill's upturned mug (3, 2) 22. Faring, using track round home (5) 23. Girl needs drink? Help yourself (3, 2)

### Harare Sports Club scoreboard

|   |  |
|---|--|
| Third day of four: England won toss   | Bowling: Kirtley 18-6-35-2; B C Strang 11-5-19-0; Brent 10-3-22-4; P A Strang 23-1-6-56-4; Flower 11-2-43-0. |
| ENGLAND - First innings 197 (R D B Croft 82 not out; R J Kirtley 5-38).                             |  |
| MASHONALAND - First innings   |  |
| Overnight: 279 for 9  |  |
| D Matabeleland not out...3  |  |
| R J Kirtley low b Tufnell...2   |  |
| N Hussain low b P Strang...29   |  |
| Extras (lb, nb)...13  |  |
| Total (25.4 overs)...280  |  |
| Bowling: Mubally 12-2-42-0; Gough 16-3-43-1; Croft 10-2-46-0; Tufnell 25-4-7-78-6; Croft 22-4-65-4. |  |
| ENGLAND - Second innings  |  |
| N V Knight c D Campbell b Kirtley...3   |  |
| "M A Atherton c D Campbell b Brent...7  |  |
| "A J Stewart b Kirtley...0  |  |
| N Hussain low b P Strang...29   |  |
| G P Thorpe c D Campbell b Brent...2   |  |
| J P Crawley c Matabeleland b Brent 74   |  |
| R D B Croft b P Strang...2  |  |
| D Gough b P Strang...12   |  |
| A R Croft c A Campbell b P Strang 28  |  |
| A D Mubally c & b Brent...2   |  |
| P C R Tufnell not out...2   |  |
| Extras (lb, nb)...8   |  |
| Total (21.4 overs)...180  |  |
| Felt: 1-6, 2-21, 3-35.  |  |
| Did not bat: D J R Campbell, D Matabeleland, P A Strang, B C Strang, G B Brent, R J Kirtley.        |  |
| Bowling: Mubally 9-1-18-2; Gough 3-0-14-0; Tufnell 9-3-35-0; Croft 6-3-0-23-0; Thorpe 1-0-3-1.      |  |
| Umpires: K Kirtley and D Kirtley.   |  |
| MASHONALAND WON BY 7 WICKETS  |  |
| ENGLAND'S NEXT TWO FIXTURES:  |  |
| Sunday: One-day match v Matabeleland (at Queen's Club, Bulawayo). 10-12                             |  |
| Dec: Three-day match v Matabeleland (at Queen's Club, Bulawayo).                                    |  |

## Captain 'may have screw loose'

Fears that Mike Atherton could have a screw loose were eased yesterday when the England captain insisted that his latest back trouble is "nothing to worry about."

Atherton, dismissed for seven against Mashonaland, has now scored just nine runs in his three tour innings. However, he has rejected the theory that his increased back pain during the last week has affected his batting form.

Atherton, who went for a precautionary X-ray on his back in Harare, said: "I am fine and I have no excuses for a bad performance. The back's not been

too good for the past couple of weeks.

"But for me this tour so far has just been about not being in the middle long enough to know whether I'm in form or not. I think my record speaks for itself and all I need is a couple of hours at the crease."

England's physiotherapist, Wayne Morton, accompanied Atherton to his check-up and said later: "We wanted to make sure that the screw which Mike had inserted in his spine during a back operation five years ago had not worked loose."

"We get the X-ray results tomorrow but provisionally every-

thing looks good. I believe that part of the reason Mike has been so stiff for the past few days is that he has not been well because of the flu virus he brought with him from England."

"He has been suffering from diarrhoea and I don't think that his body has absorbed the daily painkillers and anti-inflammatory tablets that he takes."

Atherton, as if to underline his confidence in his fitness, had a net after returning from the precautionary X-ray and then led England on the field but was unable to do anything about the disastrous three-day defeat by Mashonaland.

## Liverpool launch football academy

### Football

Liverpool yesterday launched Britain's first club-based football academy as their Merseyside rivals, Everton, contemplated leaving Goodison Park.

While Everton are considering plans to relocate to a new stadium, leaving the home they have had since 1892, Liverpool are following in the footsteps of Ajax and Auxerre, who have both qualified for the quarter-finals of the Champions' Cup.

The Anfield club have bought 55 acres of council land in Kirby, on which they will build a state of the art facility with 10 pitches and accommodation for players as young as

eight years old. Work is due to start in the spring with the doors ready to open at the beginning of the 1998-99 season.

The Liverpool manager, Roy Evans, said: "Although the major input of youngsters will still be drawn from the North-west, the new centre will allow us to develop the best players from all over the world. The importance of this side of the club's activities cannot be overstated. Today is great step forward."

The academy will be under the direct control of the director of youth, Steve Heighway. He said: "If you believe that young play-

ers can be nurtured and developed, then you put everything into place to ensure there is nothing to impede that process. I believe the new facility will enable us to do all we possibly can, from recruitment and coaching to the provision of accommodation."

Liverpool's chief executive and vice-chairman, Peter Robinson, said: "We believe it will be vital in the future that the club is able to produce as many of its own players as possible, as a consequence of the Bosman judgement."

The Everton chairman, Peter Johnson, yesterday revealed

that his club believes Goodison Park has become outdated in the wake of the Taylor Report.

"Money has been made available to other clubs and so you now see some beautiful stands around," Johnson said. Our problem is that we are very much landlocked and our capacity of 40,000 could well suffer if we made major changes to two of our stands. That would be a problem.

"I'm not at all happy about the facilities we have behind us. I think it has suffered for being so far advanced compared to any other stadium in the past. It really was a beautiful stadium."

Johnson, speaking on Radio 5 Live, added that relocation for the club "is a possibility". "I can see the European league coming. I'm not sure what the structure would be but I do believe that is the direction we will take. And of course, once we get into Europe there is going to be even more television money."

"That is why it is so important to address the stadium issue because when going into Europe I think you will want the big clubs, with the big grounds and the big followings."

Everton, who would encounter stiff opposition to a move from their traditional home from supporters, would probably move to the outskirts of Liverpool alongside the M57.



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